Daily Report

Latin America

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Cuba

U.S. Expulsion of Diplomats Termed 'Ridiculous'

PA1304045695 Havana PRENSA LATINA in Spanish 0346 GMT 13 Apr 95

[FBIS Translated Text] Havana, 12 Apr (PL)—The Cuban Foreign Ministry has termed "ridiculous" the U.S. decision to expel two Cuban diplomats accredited to the United Nations.

A Foreign Ministry press note indicates that today the U.S. mission to the United Nations sent to the Cuban permanent mission a diplomatic note announcing the explusion of two Cuban diplomats with the argument that the Havana government had refused to revoke the diplomatic immunity the two enjoy so that they would face a U.S. court of justice.

The note states: "Our officials have been accused of having participated in riots in front of the Cuban mission on 30 August 1994. As we have stated, these riots were not provoked by our officials but by terrorist groups that act with impunity and by the inefficient performance of the New York Police."

In view of the attitude of the city's police authorities, "who unknowingly or knowingly allowed those people to block the entrance to the Cuban mission, our officials simply acted because of the total lack of action by those who have the obligation of safeguarding the security of diplomatic missions accredited to the United Nations."

The note adds: "This ridiculous decision, implemented eight months after the events took place and, strangely, only a few days before the beginning in New York of a new round of migration talks, undoubtedly makes evident the attitude of the U.S. authorities in the face of pressure from cheap little groups of fascists and ultraconservative elements in the United States."

The Foreign Ministry note states: "This also makes evident the isolation of the aggressive, hostile, and Cold-War-like policy the U.S. Government insists on maintaining against Cuba despite the fact that this policy has been universally condemned."

After "strongly rejecting this coarse anti-Cuban maneuver," the Foreign Ministry states that "our diplomatic officials will never fail to fulfill their sacred duty to defend our interests and principles with words and with deeds when this becomes necessary."

The note concludes by stating that "our companeros will return knowing they have fulfilled their duty" and that they have given "the haggard provocateurs who wanted to attack our mission and the sacred interests of the fatherland" what they deserved.

Official Denies U.S. Threatened With Migrant Exodus

PA1204173595 Havana PRENSA LATINA in Spanish 1654 GMT 12 Apr 95

[FBIS Translated Text] Havana, 12 Apr (PL)—Cuba today denied having threatened the United States with a possible new exodus of illegal immigrants if the anti-Cuban bill sponsored by U.S. legislators Jesse Helms and Dan Burton is approved, a local source stated. Rafael Dausa, chief of the Foreign Ministry's Analysis Department, told PRENSA LATINA that "it is not Cuba's policy to threaten anyone."

"There has been no note or threat from Cuba to the United States," Dausa affirmed, commenting on a report published today by THE WASHINGTON POST, which referred to an alleged Cuban diplomatic communication to the U.S. State Department in that regard.

Foreign Ministry Spokesman Discusses Alleged Threats

PA1304014195 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Apr 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Miguel Alfonso, official spokesman for the Cuban Foreign Ministry, meets with the local and foreign media every week to discuss subjects related to Cuba's foreign policy. This time, however, we will listen to a telephone conversation between our station and Alfonso.

[Begin Alfonso recording] We must first point out that Cuba, for ethical reasons, does not use threats either to attain foreign policy objectives or carry out its activities abroad. It is very important to bear this in mind. Next, speaking on behalf of the Foreign Ministry, I can tell you that the assertion that the Foreign Ministry or the Cuban Government has sent notes to the U.S. Government about this matter is completely false. It is impossible to say this more clearly. It is difficult to speculate on this because many factors are involved. The third round of talks on the September 1994 migration agreement will open in New York on 17 April. So, all that can be done for the time being is to speculate. One thing, however, is for sure. As I told the press on 6 April, none of these things help establish a general climate of peace and civility regarding bilateral relations. [end recording]

Views Upcoming Talks in New York

FL1304010195 Havana Radio Rebelde Network in Spanish 2300 GMT 12 Apr 95

[Telephone interview with Miguel Alfonso, Foreign Ministry spokesman, by correspondent Nancy Eva Gomez; from the "Exclusive" program—live]

[FBIS Translated Text] [Gomez] We are in direct contact with the Cuban Foreign Ministry. Miguel Alfonso, Foreign Ministry spokesman, has agreed to an interview concerning wire reports on Cuba denying a WASHINGTON POST report that Havana has threatened Washington with another possible rafters exodus if the U.S. Congress approves a measure to reinforce the U.S. blockade.

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[Alfonso] I know of those news releases.

[Gomez] Are they true?

[Alfonso] Let me stress one thing: In the interest of respecting principles and etiquette, Cuba never uses threats to achieve its foreign policy goals or to develop our international policies. Furthermore, I speak for the Ministry when I say that it is absolutely false that the Cuban Foreign Ministry or Government has notified U.S. officials on this matter. I can speak no clearer than this.

[Gomez] Could this complicate migration talks scheduled within the next few days?

[Alfonso] It is very difficult to speculate on that. There are many factors which could be involved in this issue. The next round of the September 1994 migration talks will get under way on 17 April. However, that type of speculation is something that I think...[pauses] As I told the press on 6 April, none of these issues help generate a peaceful and civilized atmosphere around our bilateral relations.

[Gomez] Alfonso, we are very grateful to you for speaking with "Exclusive."

[Alfonso] I am very grateful to you.

Migration Talks Delegation Arrives in New York

PA1304043195 Havana PRENSA LATINA in Spanish 0146 GMT 13 Apr 95

[FBIS Translated Text] United Nations, 12 Apr (PL)—Ricardo Alarcon, National Assembly of the People's Government president, arrived today in New York City heading the Cuban delegation that will participate in the next round of negotiations on migration issues with the United States.

Jose Arbesu, Carlos Fernandez de Cossio, Walkiria Fernandez, and Olga Miranda, all of whom are linked to Cuban foreign policy, also make up the delegation.

The talks, which will begin on 18 April at the site of the permanent Cuban mission at the United Nations, are the continuation of the talks held in January in this city to assess the compliance with the agreement the two parties signed on 8 September 1994.

On that occasion, the United States committed itself to grant at least 20,000 visas a year to Cuban citizens interested in migrating to the United States, as well as an additional quota to solve the accumulation problem since the signing of the previous agreement in 1984.

Meanwhile, Cuba has committed itself to implement all persuasive measures within its reach to prevent an illegal exodus.

Following that agreement, the first round of negotiations was held in Havana in late October 1994.

Although it has not been announced who will head the U.S. delegation, Dennis Hays, coordinator for Cuban issues at the State Department, is expected to head the delegation. He already headed the U.S. delegations in the October 1994 round in Havana and in the January 1995 round in New York.

Alarcon Discusses Elections, Hearings on Helms Bill

PA1204160195 Havana PRENSA LATINA in Spanish 1400 GMT 11 Apr 95

[Report on an "exclusive" interview with National Assembly President Ricardo Alarcon by Frank Aguero Gomez and Julio Garcia Luis; place and date not given: "We Have To Show That Here We Decide Our Destiny;" PRENSA LATINA special service]

[FBIS Translated Text] Ricardo Alarcon speaks to us about the coming elections and the domestic and foreign circumstances in which they will be held. He also announces the decision to hold, beginning on 3 May, public hearings on the Helms-Burton bill, which he describes as an "annexationist monster" and an "attempt to recolonize Cuba."

Talking with Ricardo Alarcon is always an adventure because he not only has the answers one seeks but also possibly better questions than those one asks him.

Although he is the one being interviewed, the president of the National Assembly continues to be a sharp journalist, and the burden of responsibilities, far from turning his style pragmatic or administrative, seems to arouse in him an inexhaustible desire to think, to conceptualize, and to discover the most significant meaning of the Cuban experience in the area of democratic participation and representation.

With the preparatory process for the election of delegates to the municipal assemblies under way, we discussed with him that topic and others of interest.

[PRENSA LATINA] Alarcon, because these are midterm, grassroots elections, might it be said that they are much simpler than the general elections we held in 1993?

[Alarcon] I would say that, to some extent, these elections are more complicated. In previous general elections, there was, as is logical, a national mobilization, with Fidel present throughout the entire process. The people felt they were voting for the fatherland, for the revolution more than for one or another specific candidate.

The process we are holding now does not have those attributes. It is as it has always been done. There is no unified vote. One must go there, to the neighborhoods, amid all the tensions we are experiencing, to elect a grassroots combatant who is facing problems that in many cases do not have a solution, and at the same time

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we still have all the subjective deficiencies. Perhaps it would be easier if we were voting for a national personality, for a deputy.

For that same reason, these elections have tremendous political importance. There is need for more thorough explanations. The merits of our political system in the election of district delegates must be tested at the most complicated moment and within a general domestic and foreign context that gives them special prominence.

[PRENSA LATINA] On what does success depend?

[Alarcon] This system has several phases. More quality in the nomination must be sought. This is a characteristic that does not exist in other systems: The people themselves must propose the candidates. A real collective deliberation must be achieved, thinking about the most capable neighbors with the best qualities. Later, the highest voter turnout must also be sought. And finally, to strengthen the people's government as we all desire, we must achieve the deepest link among the masses, that delegate, and all our institutions.

[PRENSA LATINA] How do you view that linkage?

[Alarcon] I think we have a clear example. This has been shown by the labor movement with the parliaments and the assemblies for efficiency. That movement must be turned into a real force. The spirit of the vanguard labor collectives must be taken to the community. In other words, this means the real application of the proletarian spirit in our system of institutions.

[PRENSA LATINA] Can this be interpreted as if there is dissatisfaction with the work of the delegates?

[Alarcon] One cannot ignore the concrete results that have been achieved and the self-sacrifice of the delegates.

There are material limits to the effectiveness of their work, and problems continue to exist in our society which are not dependent on resources, but on men, indolence, and bureaucracy.

The delegate is constantly fighting those things. It is a force that must be mobilized, strengthened, and educated. Therefore, expressing the dissatisfaction with which we must view all human work is not enough.

We must continue developing the concept of the people's power, as well as participatory democracy, in which the people are the main actors. If we view this passively, as in other places, and we perceive the delegate's role as someone who transfers problems, we will not have a true picture. People must feel that they are part of the solution of problems, that delegates are not isolated beings, that they are working in a community: that is the force of our democracy.

[PRENSA LATINA] Could you mention an example or experience to illustrate?

[Alarcon] Yes, indeed. I participated in an assembly where an administrative leader was missing. In that case, we agreed that "we would appoint a commission of neighbors who would go visit the administrator." It is not the same as complaining, taking note, and reporting the case. The same occurs when people agree to organize a maintenance brigade to fix a problem. As a rule, the more proletariat the group is, the higher the level of response.

[PRENSA LATINA] You mentioned at the beginning internal circumstances that underscore the importance of the upcoming elections. What are your views in that regard?

[Alarcon] Our society is still facing serious difficulties. At the same time, there are changes introducing factors linked to private property and capitalism. How can we continue overcoming our difficulties? Logically, with organized people. The people's power is precisely that: a group of institutions created for that purpose.

The essence of our system does not end with representation. Our system channels that collective force, it channels the masses. We must make it a systematic practice.

It is not simple, but we must work to achieve it.

This also implies coordinating and integrating all community factors. This logic is the basis for the positive experience of the popular councils [consejos populares]. In the same way we proudly show the results of science, we must develop cooperation among institutions in the Cuban society.

Maybe an idiot would believe we are heading toward capitalism, but everything we do is to defend the conquests of socialism and to create the basis to continue building it when we can.

That is why it is so important to stop the capitalist ideology. We must see this process and its objectives as part of the political work we must carry out under more complex circumstances now. That is why it is so necessary at this time to have the best elections ever.

There are two main ideas: strengthening the revolutionary spirit and channeling the people's activities. If there is organization and coherent participation from the grassroots sectors, I am "dogmatically" convinced that, despite all the troubles, there are many problems we can solve.

[PRENSA LATINA] We could say then that under the new conditions, the delegates have a bigger job...

[Alarcon] Yes, the delegates have a bigger job in the community. Now he must further develop his creative spirit.

Now he will have to worry about those who are facing difficulties, the unemployed and the youths who need support and orientation. He must help the lower-income

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families. He must seek formulas to solve and alleviate those problems and to strengthen the sense of human solidarity. There are experiences that can help solve the unemployment problem, and new formulas can be developed.

We have advanced with organic orchards, for example, but there are still possibilities of doing much more.

In other fields, we have interesting aspects, such as the reactivation of neighborhood life. In the 10 October Municipality, for example, here in the capital, a very important task is being carried out. The UNEAC (National Union of Cuban Writers and Artists) is developing cultural promotion work. The UJC (Union of Young Communists) is also participating in many actions to improve the quality of life.

[PRENSA LATINA] Alarcon, how are the cases of revocations within the people's power being manifested?

[Alarcon] The number of cases is quite high. There have been revocations both at the grassroots level, as well as at the municipal and provincial level.

The interesting thing is that this does not occur solely as a result of error, incompetence, or immorality. It is further proof of the superiority of our system.

The situation also occurs when there is a natural revocation of companeros as the result of an analysis within the groups in which they were located.

In the municipality where I am a deputy, Plaza de la Revolucion, the president of the people's government has changed three times over this period. They are all magnificent companeros, patriotic and dedicated, and they continue to work there with the rest of the companeros.

It is a matter of principles which we must maintain as the most treasured things: nomination, election, accountability, links to the masses, and revocation.

[PRENSA LATINA] President, we do not believe that, in general, the objective of making the work of the parliament and the people's government permanent, fluid, and systematic has been reflected in the press. A cycle persists. In your opinion, where does that intermittent interest lie, in the people's power or in the press?

[Alarcon] To a certain degree, in both. There is enough lack of understanding by the media and a lack of comprehension by the people's power about the role of the press as a communications tool. I think there is room for perfection of the press, as there is also room for perfection here. Much more is done than is reflected, but very little is reflected. An example, not to go too far, is the work being carried out by the Assembly's permanent commissions.

[PRENSA LATINA] Will the method of public hearings of the National Assembly be extended to new topics of interest? If so, which ones?

[Alarcon] We are thinking about holding public hearings on the Helms-Burton bill through the Foreign Relations Commission and the Legal Affairs Commission. The first will be on 3 May.

Our people have the right to learn more about that document and to express their opinion on it. They will participate much more, I can assure you, than the ultrarightist elements they called to a hearing in the U.S. Congress.

This involves everything we are doing, from the sugarcane harvest to the elections. Over that same period of time, this wild plan of annexation, which is a project to recolonize Cuba, will be analyzed in Washington.

Notice that, for the first time, proposed legislation in the U.S. Government includes the recovery of nationalized property, both of citizens and businesses of that country, as well as of the Batista supporters, embezzlers, and exploiters as a condition for lifting the blockade.

That is to say, the bill seeks to extend the benefits of the law to persons who, when their properties were expropriated, were not U.S. citizens at the time.

This clearly implies that the alternative to the revolution is the Cuba of yesterday, the one that existed before 1959.

It is proof of how far the U.S. policy has become "Miamized" and of how the ultrarightist sectors of that city seek to decide the destiny of the Cubans.

That is all the more reason why these elections must be a categorical rejection of anyone imposing the past on us or destroying the revolution. We have to show that we will decide our own destiny here. We have more than enough resistance to prevent any such alternative from ever being imposed on us.

GRANMA Notes Possible 'Boomerang' Effect of Helms Bill

PA1204123595 Havana PRENSA LATINA in Spanish 1439 GMT 11 Apr 95

[FBIS Translated Text] Havana, 11 Apr (PL)—Today's issue of GRANMA states that in these times when "effects" and "syndromes" (domino, tequila) are in vogue, the anti-Cuban bill promoted by U.S. Senator Jesse Helms and Congressman Dan Burton could be called a "boomerang."

The paper's editorial explains that the reason for the title is the fact that the bill could have repercussions that only effect its promoters, if one considers the world's disgust for the anti-Cuban proposal.

GRANMA states that international rejection of attempts to implement extraterritorial measures that violate the sovereignty of third countries is growing daily. The debate within the United States over the Helms-Burton draft has polarized several forces with varied interests.

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Within the United States itself, says the daily, there is such strong criticism that there is bound to be, among the hung over congressmen, those who blame high government circles for the critical reactions from the EU.

GRANMA adds, however, that the statement released by the 15 EU members, in spite of certain U.S. sectors, is a singular event in the movement to oppose the imminent approval of measures which include sanctions against counties, companies, and individuals who trade with Cuba.

The conservative newspaper THE WASHINGTON POST, the publication notes, last week voiced this same criticism, noting Canadian opinions and the possibility of Mexico making a similar protest.

"If the matter were not so serious—reports indicate that eight out of 10 investment projects between Cuba and businessmen from abroad fail due to U.S. pressure—it would range from amusing to ridiculous.

Nevertheless, the editorial notes, the island continues to press forward while investors continue to express interest. Business is growing to the point that Cuba now maintains trade relations with 2,500 companies (including 600 permanent contracts) in more than 100 countries.

Commentary Criticizes U.S. Solidarity Act, Helms

FL1204222495

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 12 April carries within its regularly scheduled 30-minute "National Radio News" program approximately six minutes of commentary on the Cuban Liberty and Democratic Solidarity Act, sponsored by Senator Jesse Helms and Representative Dan Burton.

At 1708 GMT, the announcer says that the Solidarity With Cuba movement in the United States has generated a "climate of opposition" to the act and has planned "specific action" against the U.S. blockade and any legislation that could reinforce it even further. Although the announcer does not provide any details on the "specific action" that is planned, Jose Estevez, director of the Solidarity With Cuba movement in the United States, Canada, and Puerto Rico, notes during a brief interview from the Cuban Institute of Friendship with Peoples that the movement plans to write U.S. congressmen to protest the blockade.

At 1710 GMT, Eliades Acosta, director of Santiago de Cuba's Cultural Association, reports that Santiago de Cuba artists and intellectuals consider the act "harmful to Cuban sovereignty as it seeks to recolonize Cuba." He adds: "I believe it is ungrounded, seeking to condition the lifting of the blockade of Cuba to the return of properties legally expropriated by our government at the beginning of the Revolution. If this was to be accepted, then the Revolution would be senseless since it would mean a return to the most unbridled and corrupt capitalism in our country." He then claims that the act seeks to deflect worldwide pressure to lift the blockade.

At 1711 GMT, Simon Zabala, president of the Ecuadoran Writers' Association, describes the act as "a universal infamy that will not be able to prosper." He asserts that the act exposes the "colonialist roots of the United States."

At 1712 GMT, the announcer reads the following two-minute commentary by Susana Tesoro:

"Mr. Helms has launched an attack on Haiti. Mr. Helms counsels, urges, or pressures President Clinton to suppress all U.S. aid to Haiti as a product of the unclear murder of a leader opposed to Aristide's government. The victim was an outstanding figure within the military dictatorship headed by General Cedras. It would seem that the crisis and the agony of our neighboring Haiti could undoubtedly become even more acute. What does Mr. Helms want? For UN troops, headed by a U.S. military command, to punish Aristide's government, who overwhelmingly won the last Haitian elections? Mr. Helms might want to use his favorite weapon: the embargo or the blockade. His intentions could be to subject the Haitian people, the poorest of all Latin America, to more suffering and starvation. Let us go over some details of the Haitian crisis: General Raoul Cedras relinquished command to the U.S. Marines peacefully after negotiations with General Colin Powell, former chairman of the U.S. Joint Chiefs of Staff and personal friend of his Haitian colleague. President Clinton ended the U.S. military occupation with a brief visit to Haiti, during which he transferred U.S. military command to the UN international forces with big fanfare. Mr. Helms may still be dissatisfied. The little he knows about Haiti is indispensable to policy: He knows it is a U.S. neighbor; poor, very poor; black, very black; and with many potential migrants. What is Mr. Helms up to? He is famous for his nonsense and ignorance. In some ways, he incarnates the great power of a superpower in this unipolar world. We must keep a close watch on Mr. Helms, who some say might someday become the U.S. president and whose electoral campaign is already under way."

At 1730 GMT, the newscast ends.

Commentator: U.S. Congress To Pass 'Anachronistic' Act

FL1204202095 Havana Tele Rebelde Network in Spanish 1630 GMT 12 Apr 95

[Studio interview with commentator Carlos Iglesias by announcer Julio Arcanda; from the "NTV" newscast]

[FBIS Translated Text] [Arcanda] The United States is trying to reinforce its anachronistic and isolationist policy on Cuba. One of the initiatives is the act sponsored by Senator Jesse Helms and Representative Dan

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Burton. The National Assembly of the People's Government has convened special audiences [audiencias especiales] to discuss this act. How can we fathom the U.S. congressmen's idea? Carlos Iglesias has come to briefly discuss this issue. Good afternoon.

[Iglesias] The assault on Cuba is intensifying but, in my opinion, with very little political success. Consider the fact that Chile decided to reestablish full diplomatic relations with Cuba last week. Although the U.S. ambassador in Santiago de Chile said that his government is sad, almost all Chileans have hailed the move that President Eduardo Frei and his new administration have taken as a means of correcting an anachronism.

[Arcanda] What is the feeling regarding this act?

[Iglesias] The majority in the U.S. Congress is conservative; therefore, the act will probably be passed. However, the U.S. act has been received adversely both inside and outside the United States.

[Arcanda] You just said that it would pass, right?

[Iglesias] I answer this question with a question: What is behind the act? If they plan to use the act to pressure people, companies, and even countries not to trade with Cuba, then they will not meet their goal. Over 2,500 companies from over 100 countries do business with Cuba. A total of 600 of these companies have permanent offices in Cuba. On the other hand, the act's extraterritorial nature has met with firm rejection, even among U.S. allies who see their interests affected by the act. Remember that the European Union—made up of 15 countries—highlighted its rejection to any measure of a territorial nature, which is contrary to the rules of the World Trade Organization.

[Arcanda] You also mentioned that the act has been rejected inside the United States.

[Iglesias] Yes, even a conservative newspaper—THE WASHINGTON TIMES—has spoken out against the bill.

[Arcanda] Why?

[Iglesias] There are different voices in the United States—even in their legislature, even though the Republicans have the majority in congress—which reflect the interests of important U.S. economic sectors. Those sectors consider themselves affected by these archaic policies, which impede their participation in Cuba's opening to foreign investment.

[Arcanda] Carlos, thank you very much for being here today.

Commentator Examines 'Intolerant' U.S. Policy

FL1204190995 Havana Tele Rebelde Network in Spanish 1630 GMT 12 Apr 95

[Commentary by Fritz Suarez; from the "NTV" newscast]

[FBIS Translated Text] U.S. policy on Latin American immigrants—whether legal or illegal—is more intolerant, discriminatory, and—above all—racist than ever. This policy has repercussions in other parts of Latin America: For example, transporting illegal immigrants is now a business in El Salvador. California's Proposition 187—approved on 8 November 1994—cuts medical and educational services to illegal immigrants, mostly Mexicans and Latin Americans. This is why the Mexican consul in Los Angeles said today that the number of human rights violations involving Mexicans residing in California has risen and announced an emergency plan to protect immigrants' basic rights. It is thought that this development of increased violence against Mexicans, Central Americans, and Latin Americans, in general, coincides with the approval of Proposition 187, which has exacerbated anti-Latin American sentiment, xenophobia, and, you could say, racism.

Regarding El Salvador: This policy has led to the practice of transporting illegal immigrants to the United States, with advertisements in the newspaper and everything. The Salvadoran police chief comments:

[Begin Salvadoran Police Chief Rodrigo Avila recording] Every effort must be made to stop this type of traffic. The well-known coyotes are here, in El Salvador, too. They trick people into believing that they can get them into the United States legally. They operate so openly that they advertise their services in the newspaper. [end recording]

Salvadoran legislators are also discussing the effects of this policy. Two legislators comment:

[Begin recording] [Miguel Espinal, Social Christian Renewal Movement delegate] This illegal trafficking cannot occur without the consent of someone who holds a powerful position. Obviously, someone in government or economic circles must be participating with the intention of profiting from different sources.

[Ramon Medrano, Democratic Party delegate] Foreign Ministry officials—migration officials, in particular—must investigate the many reports that they have profited not only through transporting people by supplying them with visas and passports but also through trafficking other products, such as liquor. [end recording]

Transporting illegal immigrants, as well as other repercussions of racism felt by Latin Americans living in the United States, are the direct result of U.S. policy.

Lage Reports on Foreign Financing for Sugar Harvest

PA1204182095 Havana PRENSA LATINA in Spanish 1621 GMT 12 Apr 95

[By Mario Esquivel]

[FBIS Translated Text] Havana, 12 Apr (PL)—The negotiation of foreign loans to promote sugar production

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and encourage the sector's recovery has turned the 1995-1996 harvest into a high-risk one for Cuba, official sources disclosed.

Carlos Lage, vice president of the Council of State, said that Cuba was able to obtain financing for the coming harvest under strict payment conditions with high interest rates.

To this effect, Lage said after a visit to the central province of Cienfuegos, this situation forces Cuba to put into practice within a short term (1995-1996) the sugar production increases needed to meet commitments and avert an even more difficult situation for the Cuban economy.

Sugar, Cuba's leading commodity for generating revenues in foreign exchange, has presented in the last two harvests (1993-1994 and 1994-1995) a discouraging outlook, with production volumes lower than 5 million tons following the amount obtained during the 1991-1992 harvest (7 million tons).

The sugar industry, which was originally excluded from Cuba's opening to foreign capital, gave a green light last October to investors interested in investing their capital in Cuba's major industry. This industry has been affected by a shortage of raw materials, fuel, and fertilizers.

Official figures reveal that the current harvest is being carried out with only 15 percent of the necessary material resources for the activity compared to 1989, the year preceding the beginning of the implementation of emergency economic measures known in Cuba as the special period.

Experts believe that losses resulting from a reduction in sugar production over the past three years amount to approximately $1.6 billion. This is happening at a time when the country is experiencing a major reduction in its importing capacity. Before 1990, Cuba did most of its trade with the socialist bloc.

However, experts believe that Cuba is ready for a recovery in this sector, considering the existence of thousands of high- and medium-level professionals, as well as an infrastructure capable of providing 70 percent of the equipment required by that industry. All the country lacks at this point is the necessary capital investment.

Commentator Cites Lage on Sugar Harvest Financing

FL1304015295 Havana Radio Rebelde Network in Spanish 2300 GMT 12 Apr 95

[Commentary by Fernando Davalos; from the "Exclusive" program]

[FBIS Translated Text] Carlos Lage spoke very clearly and succinctly in Cienfuegos, calling upon the sugar industry's honor to improve production. The sugar industry provides Cuba with its main source of foreign currency. I want to make this very clear: We need sugar to buy fuel, to generate electricity, to operate means of transportation, to buy the medicines that our sick people need, to obtain the foods which Cuba cannot produce, and to guarantee all of society's needs. Lage was not making a play on words when he said that Cuba will not be able to leave behind the special period until we increase sugar and sugarcane production. We cannot rationalize and claim that the lack of resources is behind decreased sugar industry production: We are also to blame. Subjective causes and organizational problems could have led to sugar losses. Lage said that this sugarcane harvest was being carried out with less than 15 percent of the resources required for previous harvests. However, Lage pointed out that foreign investment arrangements will make the next harvest better. Lage also pointed out that this cash advance—to be used to buy fertilizer, herbicide, and other things—is expensive and at high interest rates. It will have to be repaid in sugar next year. This is an added risk: This leaves no other alternative but to use these resources in the best way possible and without wasting anything. Lage stressed that we need to meet all sugarcane weeding, planting, and growing goals for if we fail, it will compromise the sugar production needed to promote Cuba's economy and well-being, as well as to repay these debts.

Military Industries Increase Items for Civilian Sector

FL1204155795 Havana Cuba Vision Network in Spanish 0000 GMT 12 Apr 95

[From the "NTV" newscast]

[FBIS Translated Text] The Cuban military industries have increased production of items for the civilian sector. With a 25 percent increase in the first trimester, the Military Industries Union, a powerful aggregate of 12 enterprises throughout Cuba, has demonstrated in 1995 that the available capabilities have been wisely put to use in producing for the civilian sector. To date, production has increased 9 percent over 1994, and includes dozens of commercial products. However, better marketing is needed, and in that end, today a new store opened in downtown Santiago de Cuba to sell products made throughout Cuba.

Brigadier General Luis Perez, chief of the Military Enterprises Union, stressed the importance of quality, good prices, post sales services, and timely delivery.

[Begin Perez recording] These four components, which we could call the four paws of the cat, will enable us to compete equally with Cuban and foreign manufacturers. [end recording]

In 1994, the Military Enterprises Union produced 58 million pesos worth of goods, striving to achieve the Revolutionary Armed Forces [FAR] principle of financial self-sufficiency. It expects to report higher earnings this year.

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[Begin Perez recording] That's right. We expect earnings to increase, because unquestionably the national economy is gaining strength. [end recording]

The Military Enterprises Union's policy has enabled the FAR to satisfy a large number of its needs and successfully produce for the civilian sector. However, the struggle has just begun because the plans are ambitious and benefit from extensive technological background, and above all, inviolable military discipline.

[Video, with poor reception, shows shots of various metallurgical shops, metal girders, bus trailer, rifles, nuts and bolts, metal hospital carts, wheels, and safety security boxes. As the report closes sign in background reads: DEGOR/Salon de Exposicion y Ventas de Productos Industriales]

Haiti

CEP Meets With Envoys From Political Parties

PA1304031395 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Apr 95

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] There is a commotion within the Haitian political class after the latest modifications made by the Provisional Electoral Council [CEP] to the electoral timetable. A new meeting was held in Port-au-Prince on 11 April between the CEP members and representatives of the Haitian political parties on the electoral process, notably on the latest modifications to the timetable. Several Haitian political parties reacted negatively to the publication over the weekend of the new CEP modifications to the electoral timetabie. [passage omitted]

New Meeting Scheduled

PA1304033395 Port-au-Prince Radio Metropole in French 1600 GMT 12 Apr 95

[From "The Midday Newscast"]

[FBIS Translated Excerpt] Another meeting between the Provisional Electoral Council, CEP, and the political leaders is scheduled for today. Those personalities are trying to solve their differences on the formation of the electoral offices. A first meeting whose official results are still unknown was held on 11 April in Port-au-Prince. Our reporter Rodrigue Sejour points out the confidential nature of this meeting:

[Sejour] The members of the CEP did not have an easy task this Tuesday at the Kinam II Hotel. For some political leaders who are offering several proposals, accepting a proposal is very difficult. After eight hours of discussion, sometimes thorny, the political parties and groups reached a common proposal that they submitted to the CEP members. No one wanted to make some statements regarding this proposal; neither did CEP President Anselme Remy. [passage omitted]

However, we learned from a source close to the meeting that the representatives of the political parties are considering proposing to the CEP the total make up of the departmental, communal and registration and voting offices. It should be noted that the current make up of those offices intensifies the confrontation of the majority of the parties involved in the electoral race.

According to this same source, which wants to remain anonymous, the political leaders and representatives of parties are allegedly suggesting to the CEP to form the offices based on proposals that they formulated. This new day of discussion on the tricky question of the elections should allow the re-establishment of a better relationship between the CEP and the political parties and mostly to stop the confrontation. Questioned as they were leaving, the participants reacted positively to this meeting. [passage omitted].

Let us recall that discussions are continuing this Wednesday between the CEP and the representatives of political parties and groups. On this occasion, some final resolutions will be adopted by the CEP.

Aristide Calls on Zenglendos To Hold Dialogue

PA1304030995 Port-au-Prince Radio Metropole in French 1045 GMT 12 Apr 95

[FBIS Translated Text] The main news this morning is the invitation by President Aristide to the zenglendos, the armed bandits. President Aristide, who compared insecurity to the plague, an evil that must be eradicated from society, called on the armed bandits on 11 April to lay down their weapons and hold talks. Meanwhile, the head of state called on Haitians to unite to eliminate this insecurity. Here is a report by Rotschild Francois, Jr.:

[Francois] By joining hands we can thwart insecurity. This is President Jean-Bertrand Aristide's message to the Haitian population. Speaking during a news briefing at the National Palace on 11 April, President Aristide compared insecurity to a cancer sapping the strength of the nation. In the opinion of the head of state, the population must confront the climate of insecurity while remaining vigilant. Mr. Aristide tried to explain that there is an invisible hand behind this phenomenon. There is no place for fear in this country, added the president, who invited the nation to wake up and accept the challenge represented in his opinion by the climate of insecurity.

[Begin Aristide recording, in Creole] I urge each Haitian to do his best so that insecurity does not enter his mind and does not continuously haunt him. Throughout the country, in public markets, buyers and sellers must cooperate to cope with those people walking around with knives or weapons. The people who want to trade at night must not be afraid of organizing themselves as groups so they can trade. Those who have to travel at

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night must organize themselves as teams, as groups so they can travel. They must demonstrate mental freedom every day.

(?As) president, prime minister, and ministers, we must continue to assume our responsibilities. Those who are working in the judicial arena must continue to assume their responsibilities. You the people of Haiti must continue to assume your responsibilities. We must do this together, just like we acted jointly with the international community to give birth to this beautiful day of 15 October 1994; every day, together with the international community—for instance, these lawyers who are with us—we will show that we can overcome the insecurity obstacles. It was more difficult for us to deal with the day of 15 October 1994. Living under the hurricane of the three-year coup d'etat was much more difficult for us. Hunger is hard, I know that, but our strength to take up this challenge is more powerful, I know that as well. Let us cooperate peacefully and without violence with the international community to take up this challenge. [end recording]

[Francois] In his statements, President Aristide also addressed the bandits who are sowing terror in the country. The head of state called on those individuals to lay down their weapons and said he is ready to meet with them. This call represents the chance that is passing, according to President Aristide.

[Begin Aristide recording, in Creole] I am also your president, I am willing to talk to you. Do not show yourselves as cowards. Lay down your weapons and come to me. I will talk to you in mutual respect in the light of the Constitution. If you joined the zenglendos for money, come to me. If you were an Army member and have (?become crazy) because you cannot continue to function as an official, zenglendos (?like) during the three years, it is not too late, come to me. We are Haitians, I am willing to hold a dialogue with you, I am willing to help you regain your dignity. Once you join the zenglendos, you lose your dignity. Come and sit down and speak with your president in mutual respect so you can regain it. Is it a dream that will never be realized? Only you know. As for me, I know that you do not have two chances. You have only one chance: your president. [end recording]

[Francois] In addition, President Aristide announced that the head of police is now abroad. This trip will allow Major Dany Toussaint to get equipment to reinforce the interim police force that has the important mission of waging the war against the bandits.

Moreover, Jean-Bertrand Aristide pleaded in favor of a state of law in the country while insisting on reconciliation, a policy on which the country's future rests, according to President Aristide.

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Bank of Mexico Announces New Cetes Auction

PA1304050295 Mexico City NOTIMEX in Spanish 0332 GMT 13 Apr 95

[FBIS Translated Text] Mexico City, 12 Apr (NOTIMEX)—The Bank of Mexico (Banxico) announced today that it will try to place about $415.3 million in Cetes and about $215.3 million in Bondes on the market for local and foreign investors.

The Central Bank said that the Treasury Certificates (Cetes) auction that will take place on 19 April will include $153.8 million worth of certificates reaching maturity in 14 days and an equal amount maturing in 28 days.

The bank will also try to place $107.6 million in 91-day Cetes during the auction.

Banxico also announced that it will offer $107.6 million in Federal Government Development Bonds (Bondes) with a 364-day maturity, and an equal amount with a 728-day maturity.

Financial analysts said that in light of an expected steep increase in the rate of inflation, interest rates on the Cetes will also show a sharp increase in their yields, taking them close to 80 percent.

When approached by NOTIMEX, however, bank officials expressed their confidence that interest rates will show a slow decline during the second semester, leveling off between 55 and 60 percent by the end of the year.

Economist Analyzes Costs of Chiapas Uprising

PA1304042695 Mexico City PROCESO in Spanish 10 Apr 95 pp 8, 9

[Article by Guillermo Correa, Julio Cesar Lopez and Pedro Matias]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas—With an average of 30,000 soldiers deployed to Chiapas over a year ago, the federal government has allocated, through the Mexican Army, no less than 1.697 billion new pesos. This amount is equivalent to the amount needed to create approximately 300,000 jobs with 1995 real minimum wages.

These resources would help, to a great extent, to solve the unemployment and structural underemployment in this primarily agricultural state, stated economist Jorge Lopez Arevalo. Lopez has a master's degree from Havana University.

He clarifies: "The annual amount spent by the National Defense Secretariat (Sedena) in Chiapas would enable the government to solve most of the social demands made by the Zapatists: housing, health, food, roads, education, jobs, and land. We must keep in mind, however, that without the spillover of the Armed Forces' money, the economy in Chiapas would be even worse."

A graduate of the National Autonomous University of Mexico, the author of several works on the effects of NAFTA, and a professor at the National Autonomous University of Mexico in Chiapas, Lopez Arevalo says his study is based on the amount earmarked to buy food for troops, both local and those brought in—30 new pesos for three daily rations per soldier—and the budget allocated for fuel to move about in the jungle, uniforms, laundry, and others expenses, estimated at an additional 20 pesos per day per soldier.

He explains: It is enough to multiply the number of soldiers—the Zapatist National Liberation Army [EZLN] claims there are 60,000, whereas Sedena claims there are 10,000—by the 50 new pesos that are spent daily on each of the 30,000, which is the average.

Considering only the mentioned expenses, he continues, Sedena allocated 547 million new pesos in 1994. Further, "if we estimate a fortnight's salary of 900 new pesos per soldier, it turns out that for a year, the federal government spent an additional 648 million new pesos. This amount does not include compensation for being stationed in a conflict area, officers' salaries, and other incentives."

The previous statement means that Sedena spent approximately 1.195 billion new pesos in 1994, approximately 18 percent of the overall budget of that institution (5.889 billion new pesos), which does not include allocations for purchases and paying off airplanes, tanks, armored personnel carriers, other types of weapons, ammunition, and other implements.

To learn about these and other matters related to the Chiapas conflict, on 6 April PROCESO asked for an interview with General Mario Renan Castillo Fernandez, commander of the 7th Military Region. As before, the interview was denied.

The truth is that if the national crisis and the predicted 1995 economic recession are considered, "the budget allocated to the military forces in Chiapas is outrageous. Chiapas is a state with major inequalities and has earned a dishonorable first place for the high number of its inhabitants living in extreme poverty; the high number of deaths from curable diseases; and the high illiteracy rate."

Lopez Arevalo notes, for instance, that the resources spent on the military in 1994 are only equivalent to the total exports of Mexican coffee for the 1993-1994 harvest. This budget could pay off the entire debt of the state (913 million new pesos), or allow 66,000 teachers to be hired to fight illiteracy in the state.

"In addition, more than 100 state universities such as the Sciences and Arts University of Chiapas (Unicach), which has a budget lower than 8 million new pesos, could also be financed. Federal investments in Chiapas could increase 100 percent, which would enable the state to be

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in third place nationwide in this regard, since it would only be surpassed by the Federal District and Mexico State.

"If all the state secretariats assigned a percentage of their Sedena allocations to Chiapas, it is likely that the state would soon stop ranking among the top poorest states in a short time. In addition, if this spillover were combined with a regional development program, Chiapas residents would not be the country's lowest point of reference any longer."

All of this would be so, Lopez Arevalo contends, only if we take into consideration what was spent in 1994, however, if we add expenditures from the first quarter of the year "it costs the government nearly 1.697 billion new pesos to maintain federal troops in Chiapas, while the total Sedena budget for 1995 amounts to 7.092 billion new pesos."

All of this at a time when a truce is in effect, because if it had taken place during an all-out war, "we would find that military expenditures would increase in such a way that no economic program would be able to withstand such an continuous drain of resources, especially considering the vulnerable state of the Mexican economy."

"We can correctly say that if what has been earmarked for war were to be apportioned for peace, there would surely be no justification for the conflict, and Chiapas would not be what it currently is."

According to the federation's expenditure budget, prepared by the Secretariat of Finance and Public Credit (SHCP), Sedena's expenditures increased this year by 14 percent, and amount to 7.092 billion new pesos, which represents nearly 75 percent of the amount earmarked for social development.

This year, as per the same document, Mexican military personnel totals 169,569 units; 7,521 more than in 1994.

Philip Mitchell, an international weapons specialist from the Center of Strategic Studies based in London, disclosed on 15 February that between 60 and 80 French AMX-13 tanks had arrived to Mexico on board a German freighter between 11 and 13 December 1994.

Mitchell stated that the vehicles are equipped with 75-mm and 90- mm cannons, "which makes them ideal for a counterinsurgency type war," since they are very light and easy to maneuver.

At the same time, Lora Lumpa, member of the Weapons Sale Monitoring Project of the American Federation of Scientists, stated that the best thing for jungle warfare are soldiers on foot, and contended that helicopters would be even more suitable to move around the jungle region.

According to the 13th February edition of THE NEW YORK NEWSDAY, recently purchased Blackhawk helicopters were being used in Chiapas to transport troops to remote regions of the conflict zone.

On the other hand, during the past six years, up until June 1994, Sedena had procured 2,321 Hummer vehicles, 60 tactical trucks, 1,307 assorted vehicles, 38 transport and training aircrafts, nearly 29,000 grenades, 2,478 rifle adaptable grenade launchers.

The official information disclosed on 6 June 1994 indicates that "in order to effectively carry out its duties, the Army requires constant improvement in its organization, equipment, and the capability of its officers."

Jorge Moscoso Pedrero, state leader of the Party of the Democratic Revolution (PRD) explains that the presence of the military in the municipalities of Las Margaritas, Ocosingo, Altamirano, Comitan, and San Cristobal de las Casas is so "out of proportion" that sometimes there it is necessary "to form long lines at the long distance telephone booths or telegraph offices because most of the users are soldiers."

In order to maintain the thousands of soldiers, the government has expenditures in gasoline, diesel, electrical energy, infrastructure for the battalions, and barracks, equipment maintenance, salaries, provisions and others, to an extent that housing units such as El Sabanito have been built or improved just for the soldiers.

Union Leaders Deny Embezzlement Charges

PA1204132695 Mexico City NOTIMEX in Spanish 1605 GMT 11 Apr 95

[FBIS Translated Text] Mexico City, 11 Apr (NOTIMEX)—The leaders of the Route 100 Single Union Workers denied any responsibility in the misappropriation of 8.9 million new pesos (more than $1,230,000) from the organization's trust fund.

During their 10-hour deposition at the Oriente Detention Hall, the accused declared themselves innocent of breach of trust charges.

According to the authorities, the accused could be released on bail, but it would be very difficult since bail has been set for three times the one million they are charged with embezzling.

Union adviser Ricardo Barco said the charges are nothing more than a reprisal since the crime is not included in the penal, civil, or commercial codes.

He indicated that the union never had access to the trust fund or savings account from which they are accused of embezzling because it was managed by the Route 100 transportation company and Banca Serfin.

Arturo Fernandez Arras, counsel for the defense, explained that the accusations filed against the union leaders in 1991 by 245 former Route 100 workers for the alleged misappropriation of retirement funds is contrary to the law.

He said that in 1994, as part of a lawsuit that was settled out of court, the union was able to prove that it never had access to the funds, which were never intended for a retirement fund but for a contingency fund to be used in cases of death and for building a union hall.

The lawyer stipulated that contributions to the fund were deducted directly from workers monthly salaries. The

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transportation company would first transfer the contributions to Banco del Atlantico, and afterward to Banca Serfin.

On 9 February 1994, Judge Maria Eugenia Carmela Aranda ruled that the trust fund managed by Banca Serfin would have to repay 35 former employees their corresponding dues.

The accused, Filemon Ponce Ceron, Heron Hernandez Quiroz, Cristobal Flores de la Huerta, Adalberto Loza Gutierrez, Octaviano Sanchez Palma, and Ricardo Barco, asserted there is an attempt to discredit the union to justify the company's declaration of bankruptcy.

This past Saturday, the Mexico City government announced the bankruptcy of Route 100 Urban Passenger Transportation Service and implemented an emergency operation to provide free service to the city, one of the most populous in the world.

As of Friday, the company counted only 2,800 vehicles, while in 1994 it had 7,000, half of which were out of order.

Envoy: UK Investments Total $3 Billion

PA1204212295 Mexico City NOTIMEX in Spanish 1619 GMT 11 Apr 95

[FBIS Translated Text] Veracruz City, Veracruz State, 11 Apr (NOTIMEX)—Investments by British businessmen in Mexico total $3 billion and will tend to increase because of the devaluation problems, British Ambassador to Mexico Adrian Beamich said today. He explained that investments by British businessmen will continue to go up on account of the devaluation of the peso with regard to the dollar. This situation makes future involvement in the financial market businesses more attractive since they are cheaper. The ambassador stated his country is the second largest investor in Mexico, and that generates benefits to the two nations since the existing $1-billion balance of commercial trade is favorable to his country by $650,000 [figure as received].

Beamich noted that British companies are greatly interested in investing in different states, in particular in the port terminal and container park in Veracruz State, on the Gulf of Mexico coast. He added that the companies specializing in the treatment of sewage are among those that could invest in Mexico since they have vast experience worldwide.

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El Salvador

Foreign Minister on Prospects for Ties With Cuba

PA1204163295 San Salvador LA PRENSA GRAFICA in Spanish 9 Apr 95 p 3a

[FBIS Translated Excerpt] Salvadoran Foreign Minister Oscar Santamaria has said that establishing formal relations with Cuba will take time, but in the meantime Cuba should begin a process to pay closer attention to the Cuban population's expectations.

Cuba and Chile established diplomatic relations two days ago. In this context, the Cuban Government has carried out several diplomatic and commercial actions aimed at a rapprochement with El Salvador, although not exclusively.

Cuba is one of the countries that initially gave greater impetus to the inter-American system, but the need to attend more to its domestic affairs and the socialist system alienated it from the continent, particularly after the country endorsed several insurgent movements.

Nevertheless, Santamaria said, "before establishing formal relations with Cuba, there must first be an assessment of the conditions in which the two countries have decided to establish this relationship. So far, El Salvador has never been able to tell the Cuban Government, and the Cuban Government has never been able to tell the Salvadoran Government, that the intention to establish relations exists."

Santamaria told LA PRENSA GRAFICA that, for the time being, the concrete possibility of establishing relations between the two countries "on a legal or formal basis" has not been proposed, but such relations already exist de facto between businessmen of the two countries.

During the 49th UN General Assembly, Santamaria met with Cuban Foreign Minister Roberto Robaina. The possibility of mutual visits between the two countries was considered during the meeting.

This prompted the arrival of Carlos Martinez, delegate of the Cuban Chamber of Commerce, who met with various local sectors to present Cuba's commercial offer. The tour was expanded to include other Central American countries. For instance, there has been exchange in the cultural area, whereby a group of Cuban advisers and sports instructors came to El Salvador for the Central American Games.

Before the Cold War ended and the Berlin Wall was demolished, relationships were "ideological rather than within a framework of solidarity." After those two events, the panorama changed toward solidarity among nations, Santamaria said.

According to Cuba's policy, foreign investors will be free to repatriate 50 percent of the enterprises' capital and profits if the enterprises are liquidated. In addition, projects will be tax free.

Some Salvadoran businessmen view the absence of diplomatic relations with Cuba as irrelevant and do not believe that this absence poses any obstacles to trading with Cuba. [passage omitted]

Guatemala

Government Ready To Block Inquiry by U.S. Commission

PA1304035795 Mexico City NOTIMEX in Spanish 0011 GMT 13 Apr 95

[FBIS Translated Text] Guatemala City, 12 Apr (NOTIMEX)—The Guatemalan Government warned that it could prevent a U.S. commission in charge of investigating crimes involving the Central Intelligence Agency (CIA) from carrying out its inquiry in this country.

Guatemalan Deputy Government Minister Victor Manuel Batres pointed out to local journalists that "legally and as a matter of fact, the U.S. Security Council has no jurisdiction in Guatemala to investigate murders."

Batres explained that Guatemala has no agreements authorizing commissions from the U.S. Security Council to undertake any investigations here and stipulated that "if the U.S. Government files a request, it will be processed in due time and within the country's legal guidelines."

If the United States should require any information, the National Security Commission [as received] investigators should approach the Guatemalan Foreign Ministry, he added.

Reports originating from Washington indicate that U.S. President William Clinton appointed an independent commission, with wide-ranging powers, to investigate violations of the rights of U.S. citizens in Guatemala.

The commission has been empowered to investigate allegations about CIA participation in human rights abuses, particularly in the murders of U.S. citizen Michael Devine in 1990, and Guatemalan guerrilla Efrain Bamaca in 1992.

According to charges made this past March by U.S. Senator Robert Torricelli, the orders to execute Devine and Bamaca were given by Guatemalan Colonel Julio Roberto Alpirez, who was paid by the CIA.

The pronouncement caused quite a commotion in the United States particularly because of the hunger strike carried out in Guatemala and Washington by U.S lawyer Jennifer Harbury, Bamaca's wife.

The commission will be investigating reports related to the torture, disappearance, and murder of journalists Nicholas Blake, and Griffith Davis, as well as the kidnapping and rape of Ursuline nun Dianna Ortiz, among other cases that affected U.S. citizens in Guatemala.

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According to reports, the commission, which must present a report to Clinton in 90 days, will most likely be formed by Antony Harrington, Ann Caracristi, Harold Pote, and General Lew Allen.

Vice President Cited on Prosecution of Fiscal Crimes

PA1204012895 Guatemala City PRENSA LIBRE in Spanish 8 Apr 95 p 2

[Passages within italics as published]

[FBIS Translated Text] Yesterday, Guatemalan Vice President Arturo Herbruger Asturias admitted the prosecution of fiscal crimes is unconstitutional, a position which, he said, has also been accepted by the government of President Ramiro De Leon Carpio.

This was appropriately resolved by means of a Constitutionality Court resolution that the government has accepted. It states that the simple act of not paying taxes will no longer be a fiscal crime. There had been an exaggeration in this regard, he said.

An unconstitutionality lawsuit against fiscal crimes was presented a few weeks ago by lawyer Fernando Linares Beltranena before the Constitutionality Court, which accepted it.

As for other aspects of the fiscal reform bill pertaining to the Income Tax Law [ISR] and changes to this law, Herbruger said it must be carefully reviewed to determine whether there is a way to eliminate any possible unconstitutional articles it may contain.

As for the other articles that are being objected, they must be reviewed expeditiously, because if a correct method to eliminate the alleged unconstitutionalities is determined, the Constitutionality Court will lift the provisional suspension it ordered this week, he added.

The vice president also stated his concerns about the country's economic problems and said talks are already being held between the private sector and the government so a joint solution can be submitted to Congress during the next few days, thus avoiding the provisional suspension of the fiscal reforms.

Herbruger Asturias made the statements after signing a $10 million donation agreement between the European Union and Guatemala with a view to financing a program to strengthen small businesses in the country.

Fraud Crimes Continue

Despite the above, Finance Minister Ana de Molina has said Numeral I of the ISR Law is on standby for the time being. It pertains to a taxpayer's decision to deliberately not file an income tax declaration. *Everything pertaining to an undue expropriation, the decision not to issue invoices, and other aspects contained in the tax fraud laws remain in effect and constitute a crime,* she said.

Chamber of Industries Rejects Customs Tariff Increase

PA1204121895 Guatemala City LA REPUBLICA in Spanish 11 Apr 95 p 3

[Report by Ramon Hernandez S.]

[FBIS Translated Text] The Guatemalan Chamber of Industries [CIG] through its president, Juan Jose Gutierrez, expressed yesterday afternoon its rejection of the implementation of the single 10-percent tariff, and at the same time requested the resignation of Finance Minister Ana Ordonez de Molina, whom it blamed for the "fiscal chaos" affecting the country.

Juan Jose Gutierrez stated in a press communique that the implementation of the single 10-percent tariff will have an immediate inflationary impact with negative consequences for all Guatemalans.

"As of now, we express our total rejection of the single 10-percent tariff, a measure which is inflationary. It increases the cost of medicines, as well as most products of the family basket, as a result of the increase in the prices of raw materials. We, therefore, hold the government responsible for the increase in the prices of all products," Juan Jose Gutierrez added.

He said the single tariff "immediately detracts from the competitiveness of products bound for the Central American market, which constitute one third of our exports, and severely hits small- and medium-sized businesses that had already been seriously affected by the tax reforms. Such businesses can hardly overcome this tax measure, thus we can foresee an increase in unemployment," he noted.

Regarding statements made by President Ramiro de Leon Carpio, Gutierrez said "it is totally false that the problem of corruption in customs is going to be resolved by unifying taxes, because corruption is generated through the underpricing of merchandise that is imported and of contraband, which represents 80 percent of imported products that are sold in the country."

He emphasized that "this measure solely favors the eternal tax evaders, who pay 0 percent tax and do not pay the value-added tax or income tax," Gutierrez remarked.

Finally, the CIG president said: "Minister Ana de Molina is to blame for the fiscal chaos and with her actions is taking the country into a severe economic crisis. Therefore, it would be still another error if this official were to remain at the head of the Finance Ministry."

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Argentina

Cavallo: Patents Law 'Breaks With Alignment Policy'

PY1204152795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2351 GMT 11 Apr 95

[FBIS Translated Text] Buenos Aires, 11 Apr (NA)—Lawmakers who participated in a meeting held at Government House today to discuss the Patents Law asserted that [Economy] Minister Domingo Cavallo had "agreed" with the objections to the law raised by the United States and the EU while warning that the enacted legislation "breaks with the alignment policy furthered by the Menem administration."

The congressmen consulted by the news agency NOTICIAS ARGENTINAS pointed out that they rejected Cavallo's charges and reminded him that the law "had been drafted in full compliance with the guidelines stipulated in the Marrakech Agreement and following ongoing consultations with the Economy Ministry."

According to those who gave us information, deputies Jorge Matzkin and Miguel Angel Toma and senators Eduardo Menem and Ricardo Branda told the economy minister that "nobody could accuse Congress of ill will."

To prove their point, they enumerated the list of laws Congress passed over the last month at the behest of the Economy Ministry, which deemed their enactment urgent.

At that moment, when passions were running high, Secretary General of the Presidency Eduardo Bauza interceded between them to calm things down by saying that the executive branch will try to find a way to safeguard the spirit of the law Congress approved.

Another Arms Sale Via Argentina Allegedly Confirmed

PY1104195795 Buenos Aires LA NACION in Spanish 7 Apr 95 p 1

[FBIS Translated Text] The Argentine embassies in France and Belgium have told the Argentine Government that Herstal, Inc., a Belgian affiliate company of the French group Giat Industries, has reported that Argentina allegedly was the final destination of an arms shipment that was diverted to Ecuador and Croatia.

The new clue supports a report published on 3 April by the Paris morning newspaper INFO-MATIN that was reproduced by LA NACION on 4 April. A high-ranking government source said on 6 April: "This information cannot be dismissed." The source said the Foreign Ministry should be contacted for more information. At the Foreign Ministry, Vice Foreign Minister Fernando Petrella limited himself to responding that he still does not have any information.

Nevertheless, a report that the Foreign Ministry filed with the UN Penalties Commission points out that the available clues confirm the aforementioned information.

Argentina could not risk sending just newspaper pieces to support such an important report. Two weeks ago, it was also reported that our country had sold weapons that supposedly were consigned to Venezuela, but allegedly arrived in Ecuador.

While the embassies contacted the respective foreign ministries and the companies involved, the SIDE [Secretariat for State Intelligence] representatives in Europe are investigating at other levels.

The report released by the Herstal company must be added to the report published by INFO-MATIN, which was transmitted to the Foreign Ministry two days earlier through a secret cable and was immediately relayed to the Defense Ministry.

The Attorney General's office, which is reviewing the documents on the two cases involving Argentina, could encounter some problems in the investigation. The economic areas do not keep track of these operations. Arms sales are not specified on tariff lists and in INDEC [National Institute of Statistics and Census] statistics.

UK-Argentine Oil Prospecting Awaits 'Political Signal'

PY1204001995 Buenos Aires CLARIN in Spanish 3 Apr 95 pp 2-3

[Article by Ana Ale]

[FBIS Translated Text] Following a key meeting in London last week, the two companies are now awaiting a political signal from their respective governments to kick off. If everything goes well their joint venture will get off to a good start at the end of this year. YPF Inc. [Government Oil Deposits, Inc.] and British Gas will prospect for oil off the coast of the city of Rio Gallegos and in the northern area of the Malvinas Islands' territorial waters. The two companies will share equally the royalties and the oil they produce. They intend to invest between $50 and $100 million in the prospecting for hydrocarbons alone.

Thirteen years after the Malvinas war the Menem administration has modernized its weapons. It now prefers to talk about businesses rather than sovereignty over the islands. What is at stake is oil, a sector that in Argentina alone brings in $12 billion in annual profits. This delectable plum could become even more enticing once YPF Inc. and British Gas start their prospecting venture, which will enable them to confirm whether or not there is oil or gas in the Malvinas Islands.

During an interview with CLARIN, John Bueno, a British Gas manager in Buenos Aires, confirmed what YPF Inc. had announced previously, namely that the

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two major corporations are to undertake a joint venture for the exploitation of hydrocarbons in the conflictive South Atlantic area.

Before beginning to operate their trepans, however, YPF Inc. and British Gas expect their respective governments to send off a political signal. British and Argentine officials who are in charge of trying to work out an economic cooperation scheme between the two countries are discussing precisely this rapprochement—the flip side of the seduction policy furthered by the Argentine Foreign Ministry concerning the United Kingdom.

Last week, during another meeting that followed the series of more than six meetings that the two governments have been holding over the last three years, the so-called top-level group found some common ground with London. This time the Argentine officials left quite happy. The meeting had seemingly yielded fruit.

Although there has been no official announcement, it was leaked that the Argentine negotiators had agreed with their British counterparts to start fixing a date for future joint ventures, including those in oil.

According to what CLARIN could verify, the venture will start around the end of this year, after discussions about the legal framework pairing up the aforementioned private companies from Argentina and Great Britain.

According to the plans, which YPF Inc. and British Gas are discussing in total secrecy but with the tacit consent of [Argentine President] Carlos Menem and [UK] Prime Minister John Major, this joint venture following the Malvinas war will be undertaken through licenses for the tapping of oil in well-defined areas off the coast of the city of Rio Gallegos and in the northern area of the islands.

Bueno confirmed that his company has a strategic plan for Latin America. It goes without saying that the Malvinas Islands are part of this plan, but Bueno would rather keep his cards hidden and discuss other business deals at length.

CLARIN asked Bueno: "Do you have an exploration scheme, or do you see any prospect for geological success in the basin adjacent to the islands?"

"I cannot give you any information about that. None at all. We want to do something together with YPF, but we must wait until the two governments come to an agreement," he replied.

According to Bueno, "we cannot move ahead in our negotiations until we know the framework and limits within which we can act." It has been learned that the two companies have signed a joint venture agreement. The draft copy of this agreement states that the two companies have expressed their willingness to share royalties and oil production equally—if oil happens to be found—between Argentina and Great Britain.

The two corporations have also reached agreement on the sum to be invested in that endeavor. They will lay out between $50 and $100 million on prospecting for hydrocarbons. The initial task will consist of corroborating the seismic information they have; a sort of three-dimensional echogram of the subsoil that sends up signals of the potential riches of the area.

Oil wells will have to be drilled into the seabed afterwards. Each one would cost $20 million. The companies are contemplating drilling at least two to obtain some measure of success. There is a 20 percent probability of success in explorations of this magnitude.

Nevertheless, after confirming the presence of hydrocarbons in the area, a decisive step still has to be taken, namely to confirm whether the oil or gas field is rich enough to justify its commercial exploitation.

According to the schedule of YPF President Jose Estenssoro, the mystery may be cleared up in three years' time. If Argentina and the United Kingdom hammer out a business agreement before 1996, the two companies will publicize the result of their prospecting around 1998.

Argentine Government officials are speculating about the spinoff from this undertaking. Experts consider that if things get to that point, even if the prospecting fails, the political operation will have been a total success.

Bilateral Drug Control Work With Colombia To Be Enhanced

PY1104154095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1917 GMT 4 Apr 95

[FBIS Translated Text] The Programming and Coordination Secretariat for the Prevention of Drug Abuse and for Antinarcotics Struggle has agreed with Colombian Government representatives to strengthen bilateral work dealing with drug control.

This agreement resulted from the meeting that Alberto Lestelle, chief of this government secretariat, held with Colombian Ambassador Victor Ricardo; Colombian National Police Deputy Director Luis Montenegro; and Major Jesus Antonio Gomez Mendez, a member of the Colombian Armed Forces.

At the end of the meeting, Montenegro praised Lestelle's dedication in the drug enforcement area and his concern about the issue. He also expressed his wish "to expand bilateral negotiations" in the area.

Montenegro added: "We are aware that Argentina is ahead in some areas of drug enforcement. In view of this, we wish to have fluid contacts to exchange information on antidrug operations and to sign agreements so that our two countries can jointly crush the drug cartels."

General Luis Montenegro admitted that Colombia "farms and manufactures drugs," and that the authorities' efforts to eradicate the farms "are insufficient."

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He said: "We must again meet with Lestelle. If he agrees, I will expedite procedures to plan a bilateral meeting in Colombia."

Montenegro today held a meeting with Federal Police Chief Adrian Pelachi, during which he reasserted Colombia's willingness to undertake joint drug enforcement operations.

In this regard, Montenegro reported that Colombia will assign a police officer "to engage in a close and permanent exchange of information" with the Argentine police."

In addition, Pelachi said that both Argentina and Colombia "have a common enemy, and the only way to defeat it is by establishing common objectives."

He said: "We have been working together for many years. In the last 15 years, we have increased our ties and have received 48 Colombian Police students at the Federal Police University Institute."

Montenegro asserted that "the drug trafficking problem can subvert order in countries such as Argentina and Colombia." The only solution, therefore, "is to face this challenge through the unity of the Argentine and Colombian police forces."

Pollsters Give Menem Election Victory Without Runoff

PY1204151495 Buenos Aires TELAM in Spanish 0322 GMT 12 Apr 95

[FBIS Translated Text] Buenos Aires, 11 Apr (TELAM)—Well-known pollsters agreed tonight that President Carlos Menem will win the 14 May elections by a margin that will make a runoff unnecessary.

In a panel discussion among pollsters, including Marita Carballo (Gallup), Manuel Mora y Araujo, Graciela Rommer, Julio Aurelio, Rosendo Fraga, and Hugo Haime, aired during the "Tiempo Nuevo" television program, it was stressed that Menem will win by a margin of 15 percent over Jose Octavio Bordon.

Carballo affirmed that, according to a projection that concluded last week, Menem will obtain 46 percent of the vote, Bordon 26 percent, and the Radical [Radical Civic Union—UCR] Horacio Massaccesi 18 percent of the vote.

Rommer gave the Justicialist Party [PJ] ticket 45 percent of the vote, the Frepaso [Front for a Country in Solidarity—Bordon] 30.1 percent, and the UCR 17 percent of the vote.

Fraga, who heads the Union Studies Center for a New Majority, gives Menem 45 percent of the vote, followed by Bordon with 30 percent, and Massaccesi with 18 percent of the vote.

The figures that were released by Aurelio give the PJ 47 percent of the vote, the Frepaso 28 percent, and the UCR 18 percent of the vote.

Haime highlighted the fact that Menem will obtain 45 percent of the vote, and he added that the difference between Menem and the candidate in second place will be 15 percent, thus indicating that the PJ will win without the need of a runoff.

Although Mora y Araujo did not give any figures, he agreed with the figures released by the other pollsters, but warned that "the election process has not yet begun."

Survey Shows 65 Percent of Voters Believe Menem Will Win

PY1304024795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2214 GMT 12 Apr 95

[FBIS Translated Text] Buenos Aires, 12 Apr (NA)—The Unity for the New Majority Studies Center disclosed a public opinion poll today showing that 65 percent of those surveyed believe that the Justicialist Party [PJ] will win the 14 May general elections and that President Carlos Menem will be reelected for a second term.

Only 12 percent of those polled are of the opinion that Jose Bordon—who will run for the presidency on the Frepaso [Front for a Country in Solidarity] ticket—will be successful at the polls, whereas a mere 3 percent think Radical Civic Union [UCR] presidential candidate Horacio Massaccesi will be voted in.

The survey, conducted among those who voted for various parties in the last elections in 1994, indicates that 100 percent of those who voted for the Alliance of the Center believe that Menem will carry off the election. This opinion is shared by 78 percent of those who voted for the PJ, 67 percent of those who voted for Socialist Unity, and 62 percent of those who voted for Modin [Movement for Dignity and Independence].

As for those who cast their votes for the UCR in the 1994 elections, 54 percent believe that Menem will be the victorious candidate, as do 49 percent of voters for the Grand Front.

Among those who reckon that Bordon will become president, 25 percent voted for the Grand Front in the last elections, 9 percent for the UCR, 13 percent for Socialist Unity, and 10 percent for Modin, among others.

Among those who think Massaccesi will be voted in on 14 May, 15 percent voted for the UCR in the last elections, 4 percent for Modin, and 1 percent gave their vote to the PJ.

The public opinion survey also shows that 43 percent believe there will be no runoff elections, 34 percent believe just the opposite, and 23 percent do not know what will happen.

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Cavallo Proposes Banking System Similar to Canada's

PY1204132895 Buenos Aires TELAM in Spanish 0026 GMT 12 Apr 95

[FBIS Translated Text] Buenos Aires, 11 Apr (TELAM)--Economy Minister Domingo Cavallo today emphasized that the Argentine financial system should be similar to the Canadian financial system, with just a few banks, but many branch offices.

Lecturing at a forum for computer companies, Cavallo said: "Canadian banks have computer systems with prompt access to their branch offices. They are operating as a single banking institution, with a very low margin between lending and deposit interest rates."

The minister indicated that the local financial system "is the sector with fewer effectiveness and productivity improvements and, as far as effectiveness is concerned, it leaves a lot to be desired."

Cavallo emphasized: "We require a system similar to the Canadian system. In Canada, there are not many banks, but many branch offices, with prompt access to each other and with a system that facilitates operations as a single banking institution."

Cavallo indicated that these branch offices are close to the people and the lending interest rates are established by using the tax statements filed by the clients, allowing them to operate with low costs and a very low margin between lending and deposit interest rates.

Cavallo emphasized that, with this goal in mind, the National Bank has recently implemented the Century Plan [Plan Centenario], interconnecting their branch offices with computers. He noted that the Century Plan is being implemented "gradually and progressively."

Cavallo said: "We will remove discouraging factors so that the banks will have a large network of branch offices and will effectively serve their clients throughout our country, as in the future it will not be as costly for the banks to have cash in their branch offices in the interior of the country."

Lecturing before more than 200 entrepreneurs from the computer science area, Cavallo noted: "Computer science and communications are areas for investment and technological extension for the benefit of other key sectors so as to increase productivity and competitiveness."

Cavallo emphasized the advancement achieved in this area by the DGI [General Directorate of Taxation] and the Customshouse to catch delinquent taxpayers and control the goods traffic.

First Indigenous Communities Congress in Formosa Viewed

PY1204161895 Buenos Aires TELAM in Spanish 1935 GMT 11 Apr 95

[FBIS Translated Text] Formosa, 11 Apr (TELAM)--The first indigenous communities congress continues its sessions here with representatives from the Wichi, Toba, and Pilagas ethnic groups.

The three ethnic groups live in Formosa Province and have agreed on a joint agenda. They basically want indigenous communities to play a more "important role" in official decisions and have a representative in the Formosa Legislature.

During today's session, Toba representative Manuel Estrada also requested scholarships for indigenous children and youth.

The Toba representative said: "We want our children to receive training, but we do not have any funds. Many children of doctors and politicians have this possibility. Thus, we cannot talk about integration."

Ramon Tapiceno, a leader of the Pilagas ethnic group, championed the "revival of Law No. 426 on indigenous communities integration," promulgated in 1984.

Tapiceno noted that this law, which has been described as an advanced law in our country and in our continent, seeks to "socially and culturally protect our communities, defend our heritage and our traditions, and improve our economic situation."

Ismael Vilte, a representative from the Wichi ethnic group, noted that it is necessary "for the three ethnic groups to meet again, as brothers, so as to gain strength."

Roberto Vizcaino, the Institute of Indigenous Communities [Instituto de Comunidades Aborigenes] (ICA) president, who was criticized by the representatives, today said he agrees with the holding of the congress.

Vizcaino emphasized: "In a democratic state, people are fully entitled to meet and even propose a candidate for deputy; otherwise, we would be guilty of open racial discrimination, which is not the government's goal or the spirit of the law."

Bolivia

Teachers, Police Clash Violently in La Paz

PY1204160895 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 12 Apr 95

[Report by Rogelio Jimenez]

[FBIS Translated Text] A violent confrontation between police and workers has left 15 people injured, two in very critical condition. This incident occurred yesterday at the 16 de Julio Village in El Alto, and in the heavily

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populated neighborhood of La Portada in La Paz, in the morning and evening, respectively.

Reports gathered by this station suggest that eight of those wounded are National Police agents, and seven are workers. Two are reportedly in critical condition, having sustained bullet wounds. They are mine worker Jaime Rodriguez and policeman Nicolas Mamani.

The worker was hit in the stomach, while the policeman was hit in his head. Both have been subjected to emergency surgery due to the seriousness of their wounds.

As evidence of the violence unleashed yesterday in La Paz, let us hear a passage of those confrontations.

[Begin unidentified worker recording] We are not going to tell you about our plans, because it would be like telling the police where to go to repress us. We are already being beaten here, this is evidence of police provocation. [shouts and shots heard in background] [end recording]

It has been reported that at least nine workers were arrested.

Another cable issued by Erbol [Bolivian Radio Schools] states that government palace endured a violent Tuesday, with tough confrontations between police and anti-government demonstrators. The clashes took place in the morning and in the evening amid a growing escalation of violence and open intolerance between demonstrators and policemen.

During a morning of confrontations in the heavily populated zone along the Apumalla River, skirmishes reached such an unprecedented level that the police used up all their issued tear gas grenades and bird shot.

The teachers attempted another march during the evening in protest over the government policy but were violently dispersed. More people were injured. In addition to La Paz urban and rural teachers, teachers from the interior, state mine workers, and university students also participated in the demonstrations.

The most worrying fact is the confirmation that people have sustained bullet wounds, even though police and demonstrators deny having fired weapons. Both accuse the other of provocation.

At least three rural teachers arrested by the police were brutally beaten. One, who was bleeding from the mouth, was taken away in a police vehicle. A group of women managed to recover the other two from the police and took them to hospitals.

Teodoro Quispe Condori, who's ear was injured, said the police seized his camera worth $200. He said that inside the camera case was about $270. Colonel Ever Antelo, commander of the El Alto District No. 3, denied the report and summoned the teacher to make an official complaint so an investigation can begin.

At Parque Mirador, La Portada neighborhood, a thatched roof hut built by the people was set on fire by a tear gas grenade.

At the Apumalla River confrontations, Erbol verified that two people were injured: Avelino Pinani, driver of a police pickup who received a bird shot wound in his left arm, and Jaime Rodriguez, a mine worker of the Amayapampa Company, who sustained a bullet wound in the right side of his abdomen.

Col. Ever Antelo reported that Corporal Juan Quispe was hit by a rock on the left knee, Corporal Avelino Pinani sustained a bullet wound in his forearm, while Policeman Prudencio Ayala is suffering from concussion following a dynamite explosion.

During the confrontations at 16 de Julio Village, Corporal Alfredo Apaza was hit by a rock near his right eye, while Eugenio Echoque was hit with a rock on the arm. All injured policemen were taken to the police clinic.

In the evening, after a general meeting at the teachers' social club in downtown La Paz, police violently repressed the teachers who were beginning a march. They fired tear gas grenades at point blank range. One teacher, who was knocked over by the impact of a tear gas grenade, was kicked several times by policemen.

At approximately 2130, a group of demonstrators at Eguino Park was dispersed by tear gas grenades fired at point blank range. Two teachers were injured. The police were very violent and did not allow the grouping of people. One policeman was absolutely out of control. Without any apparent reason, he violently battered a young man who was waiting for his brother at a bus stop. They were returning home. This was done by a police officer.

U.S. Decertification May Prompt Rapprochement With EU

PY1204191695 Cochabamba LOS TIEMPOS in Spanish 3 Apr 95 p A1

[FBIS Translated Text] La Paz—Should the United States finally issue a "decertification," Bolivian would start a rapprochement policy with the EU because its 15 member countries grant more economic and technical advantages for the struggle against drug trafficking.

"This is a fact. I positively believe we must seek a greater rapprochement with Europe, and this is a multilateral problem," commented Jaime Aparicio, international affairs secretary for the nation, who told LOS TIEMPOS that the United States is overlooking the terms of the "Summit of the America's Declaration of Principles," a document that emerged from an event that took place in Miami last year. He also said that the hostile attitudes of high-ranking U.S. Government authorities, as well as of U.S. congressmen, will force Bolivia to grant greater importance to its relationship with the EU member

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countries that, as a whole, grant more economic and technical aid than the United States.

Aparicio's viewpoint is correct because a Foreign Ministry report states that during the 1989-93 period Bolivia received more than $5,620,403,605, of which the United States granted only $746,975,000.

Four countries, together, granted double the amount the United States gave; namely, Germany ($422,755,764), Japan ($224,488,615), the Netherlands ($116,031,764), and Switzerland ($109,673,650). From this one can deduce the significance of the aid the EU member countries grant Bolivia.

Therefore, according to Jaime Aparicio, if the United States ends up "decertifying" Bolivia, the government will have to tighten its relationship with the European governments.

Moreover, he said, the 15 EU member countries have issued a joint declaration, signed recently in Paris, congratulating Bolivia for its efforts in the struggle against drug trafficking as well as promising to continue granting economic and technical aid in this specific field.

Aparicio said he did not understand the attitude of the U.S. Administration, because drug enforcement is a comprehensive problem that must be tackled by all the countries that signed the Miami Summit declaration. In this sense, he said that the Bolivian Government is concerned about "some contradictions" as regards the U.S. Government.

According to Aparicio, the Miami Declaration has three basic elements: First, it acknowledges that it is a comprehensive problem because it affects consumer countries, countries that are used as corridors, and producer countries; second, it is a problem that must be solved jointly, in a harmonious and balanced manner, respecting the sovereignty of each of the countries; and third, it highlights the need for an integral and balanced approach that may include the respect for national sovereignty in addition to agreeing to work jointly in drafting a strategy against narcotics for the 21st century.

Aparicio said: "Therefore, our proposal was that we should not accept the documents nor unilateral ideas of any country, but rather work jointly to design a common strategy."

Editorial Views Failures of Antidrug Policies

PY1204175395 La Paz LA RAZON in Spanish 2 Apr 95 p A5

[Editorial: "Successes and Failures in Antidrug Policies"]

[FBIS Translated Text] The obstinate drug enforcement policies throughout the world, especially in the United States, have become so absurd and foolish that those who continue to implement them are nothing but court buffoons. The United States, regardless of which administration is in power—because President Clinton is proving to be even more dim-witted on this matter than his predecessors Reagan and Bush—seems to be totally convinced that by eradicating coca in Bolivia, by spraying them with defoliant chemicals in Colombia, or by praising—if it was the case—the slaughter of people and the violence in Peru for the sake of eradication, drug consumption in the United States and drug trafficking will drop.

Washington has focused the success of its policies on such confrontations, on mere additions and subtractions. This success is based on just that, on so little, because U.S. Administrations and their cooperative ambassadors and DEA officials—as well as those who work for the scores of organizations involved in the drug issue—turn mere expectations into realities that quickly disappear like soap bubbles.

But the truth is quite different. There has been absolutely no real success in U.S. policies concerning the control of trafficking and the reduction of consumption. The huge amounts of resources spent, especially in the United States—if measured in terms of results over many years—have failed, just like the failure of the coca eradication program. And the achievements in the case of marijuana are even worse than in the case of Bolivian coca. Policies to stop consumption have failed, and the enforcement policy has filled prisons with consumers; but not with traffickers. Contracts to control the laundering dollars have also failed—this should be asked in Miami—as has its foreign policy because aside from all the unfathomable interventionist nonsense the only achievement is the serious damage to relations with American countries and a growing anti-Yankee feeling in all of them. This picture, which has been objectively confirmed—somehow said and repeated every day—leads to what we see with increasing astonishment, concern, and fear: That the U.S. Administration is looking for culprits everywhere except in its own country, and is ready to invade, abduct, terrorize, and violate international law wherever it wishes.

Bolivia, Colombia, Peru, and Paraguay are victims of the effects of the latest episodes. The conditioned "certification" has become an arrogant threat, while we are already well along the humiliating path of submission. The paid eradication of 5,400 hectares of coca plantations in Chapare by the end of the year—a commitment that was assumed the day before yesterday by the government—confronts the objective problem that almost all coca produced there ends up as drugs. But even then, if the proposed objectives are achieved, it is still just another of the already highlighted achievements based on the self-lie.

The great coca-cocaine problem is different. The problem is the legalization or not of drugs as a principle, and as policies and strategies. Without seeing it in this light, anything that follows—a partial eradication of the

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coca plantations, the blows to drug trafficking, the cartels, and the consumers—merely adds to the long list of already mentioned failures.

Finally, eradication is not impossible for Bolivia. It was easy when it was done in the past by paying for it (with U.S. money, of course)—only to reappear just around the corner. Now there is talk of total elimination. If this is in compliance with Law 1008, under the principle that laws must be fulfilled, everything else implies serious risks that must be run just because, we repeat, prevailing policies to fight drugs and trafficking imply risks. We can rest assured: The need to do something and not stand and watch—because drugs must always be fought—because eradication, although achieved, will only become part of another overall failure.

Brazil

Patents Bill Stalled Before Cardoso Trip to U.S.

PY1304014995 Sao Paulo AGENCIA ESTADO in Portuguese 2107 GMT 12 Apr 95

[Article by Rosa Costa]

[FBIS Translated Text] Brasilia, 12 Apr (AE)—President Fernando Henrique Cardoso will travel to the United States on 17 April without having gotten the patents bill approved by Congress. The Constitution and Justice Committee [CCJ] has to vote on the bill. Only after this will the bill be voted on in the Senate, from which it will return to the Chamber of Deputies to again be voted on. According to the most optimistic forecasts the bill could be made into law by the president at the end of June.

Last week President Cardoso asked the senators not to let him travel to the United States empty-handed. Cardoso would like to have the patents rights bill approved before traveling, but as this has not been possible he wants a positive decision from the CCJ.

Because of the absence of an appropriate patents law, Brazil has been included for the past five years on the U.S. trading black list, and some Brazilian products, such as cellulose and paper, are taxed in the U.S. market. The U.S. pharmaceutical industry has leveled the harshest criticism against the bill approved by the Chamber of Deputies because it does not allow the patenting of medicines already developed abroad. The trend indicates that the senators will approve a bill that is different from that approved by the Chamber of Deputies, with norms adapted to the rules of the Uruguay Round of the GATT talks.

Alternative Proposal

Senator Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba], who is the rapporteur of the bill in the CCJ, today presented an alternative proposal that ignores the pipeline mechanism (patenting of inventions that have already been made public) and acknowledges the patents of chemical, pharmaceutical, and food products a year after the approval of the bill. The rapporteur has already changed several points in the bill approved by the Chamber of Deputies. He authorizes the patenting of laboratory-created transgenic microorganisms only for the purpose for which they were created. The use of such micro-organisms is freed for different industrial processes. Patents rights in this field will be recognized as soon as the bill is approved.

Senator Suassuna's alternative proposal authorizes the parallel importation of patented products, with prior administrative or court authorization, in cases of economic power abuse. If not, the product must be purchased from the Brazilian owners or license holders. If the owner of the patent makes abusive use of his rights or if he commits abuse of economic power, he must obligatorily license the product, even if this has to be by means of an administrative or court decision. The patents will be valid for 20 years for products, and 10 years for improvements of inventions.

This morning Senator Suassuna decided to accept a petition by the government, and reduced the coming into validity of the law from five years' time to one. He was convinced of necessity of this after verifying that GATT could force Brazil to create a provisional law until a definitive law is approved. The original proposal on patents rights was sent to Congress on 30 April 1991 during the Collor administration.

Cardoso Surprised Over 'Seriousness' of Sivam Situation

PY1304024695 Sao Paulo AGENCIA ESTADO in Portuguese 0154 GMT 13 Apr 95

[FBIS Translated Text] Brasilia, 12 Apr (AE)—During a dinner with Senate leaders that took place at the house of Vice President Marco Maciel on the evening of 11 April, President Fernando Henrique Cardoso, who had labeled the Sivam [Amazon Region Surveillance System] charges an "accusation," said that he was surprised over the seriousness of the situation. Cardoso said that he was in no hurry to sign the contract. He did, however, recall that Brazil could be forced to pay fines as a consequence of any delay.

Aeronautics Minister Mauro Gandra said today at the Senate that it would be "practically impossible" to continue the Sivam project without the participation of the ESCA [Automation and Control Systems Engineering] company. Gandra said that any other company would need at least 6 years to match the technology and experience of ESCA in this field. "The Aeronautics Ministry has maintained a partnership, a marriage, with ESCA for the past 20 years," Gandra said.

Senator Jader Barbalho (PMDB-PA) [Brazilian Democratic Movement Party-Para], who had requested the presence of the [aeronautics and strategic affairs] ministers to testify in the Senate, described the situation as "dangerous" for national sovereignty. Barbalho then

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made an unusual proposal: If ESCA is so close to the interests of the Aeronautics Ministry, it should be nationalized "for the well-being of national security." Gandra did not find the proposal absurd, and even considered the possibility that the government might participate in capitalizing the company.

With the support of the Aeronautics Ministry, ESCA participated in the whole process of choosing Raytheon to install Sivam. ESCA engineers participated in all of the meetings of the study committees. Despite admitting that ESCA has become "the Achilles' heel" of Sivam, Gandra and [Strategic Affairs Secretary] Sardenberg defended the maintenance of the project.

Turkish President on Western Reaction to Operation

TA1104190695 Ankara TRT Television Network in Turkish 1700 GMT 11 Apr 95

[Hakan Gulcu video report from Brazil]

[FBIS Translated Excerpt] President Suleyman Demirel held a news conference before leaving Brasilia, commented on his tour, and replied to reporters' questions on Turkey. [passage omitted]

The first question addressed to Demirel was in connection with the operation in north Iraq. Explaining that the operation was implemented after extensive planning, Demirel said that he has called a meeting of the National Security Council for tomorrow night in order to assess the recent developments. The president stressed that this is not a matter of Turkish units' entering or withdrawing from north Iraq, but one of terrorism. Demirel said: When we enter north Iraq, we do not have a specific targeted place in front of us. The target consists of moving armed bandits.

Demirel noted that the West, which did not adopt a stand against the terrorists who perpetrate massacres, did adopt a stand against Turkey when the latter launched this operation.

[Begin Demirel recording] But, what can we do? We cannot fight the world. Naturally, there is no question of Turkey's not being able to protect its own interests under world pressure. True, it is beneficial to be in harmony with the world we are living in; however, this harmony ends when our own interests are violated. After that, it turns into capitulation. Harmony is one thing, and capitulation is another. In other words, no one can expect Turkey to capitulate. In my opinion, it is also impossible to appraise the situation in its present dimensions. The problem was created by the Gulf crisis. I am amazed at the fact that, in condemning and pressuring Turkey, the West does not feel any sense of responsibility because of an issue it actually generated. [end recording] [passage omitted]

Cardoso To Refuse Minor U.S. Drug Enforcement Aid

PY1304021795 Sao Paulo AGENCIA ESTADO in Portuguese 2324 GMT 12 Apr 95

[Report by Cleber Praxedes]

[FBIS Translated Text] Brasilia, 12 Apr (AE)—Brazilian and U.S. Government officials have not reached any agreement regarding money figures during their conversations to prepare a mutual cooperation agreement to prevent the use of illegal drugs and repress drug trafficking. No figures were included in the agreement, which is simply an adaptation to new instruments like money laundering and the 1988 Vienna convention on the control of chemical supplies.

The controversy over U.S. financial aid to Brazil continues. During the trip President Fernando Henrique Cardoso will make to the United States next week, he will inform the U.S. Government that he will no longer accept the same amount of aid the United States gave to Brazil in 1993, which was $200,000, said an adviser to the justice minister. Over the past 20 years the United States has given Brazil a total of $14.4 million for "assistance and international drug control."

The greatest contribution was made in 1987, when the annual investment amounted to $3.1 million. As of that year the assistance began to drop, totaling $1.3 million in 1993 and $200,000 in 1994.

Latin American Anti-Narcotics System Without DEA Envisaged

PY1304021095 Rio de Janeiro O GLOBO in Portuguese 12 Apr 95 Section 2 p 3

[From the "Zozimo" column by Zozimo Barrozo do Amaral and Valeria Blanc: "A War of Its Own"]

[FBIS Translated Text] The Brazilian Government is seeking to set up an integrated police and court system with other Latin American countries to fight the drug trade.

The objective goes beyond that of fighting drugs.

The objective is to create a mechanism that would allow Brazil and the other South American countries to free themselves from the DEA and from its flood of instructions.

The South American governments can no longer stand the DEA's intrusions in their police actions against traffickers.

U.S. ambassadors in South America today are no longer ambassadors of the United States of America, but DEA ambassadors.

Cardoso Criticizes Measure on Rural Credit Adjustment

PY1204130495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Apr 95 p B5

[Article by Maria Bergamasch]

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[FBIS Translated Text] Caruaru—President Fernando Henrique Cardoso said on 7 April that those who do not pay the debts they owe to official banks are "rascals." "They are rascals who speak on behalf of the people," he said, indirectly referring to the lawmakers who voted for the end of the TR [Reference Interest Rate] adjustment for farm sector debts. Cardoso made these remarks while once again advocating the People's Bank project—which will grant credit lines to the low-income population. "The poorer sector pays for it," he went on.

The rural bloc is a weak sector for the government congressional support bloc. It has representatives in all allied parties, and when they have to strive for their interests, they forget their party membership, ignore agreements reached by party leaders, and show the power of a bloc that—beyond ideological or national issues—wants to defend its own pocket and purse. It is estimated that of the 513 deputies, at least 160 are big and mid-sized ranchers, while 50 percent of the 81 senators have links with the sector.

The lifting of the presidential veto on the prohibition to use the TR for rural contracts provided further evidence that the government majority will always clash with corporative issues, among which rural issues have proven to be the strongest. When it comes to defending their interests, rural bloc members unite regardless of party affiliation, ranging from rancher Giovani Queiroz's PDT [Democratic Labor Party] (Para) to Paulo Mourao's PPR [Progressive Renewal Party] (Tocantins).

The main rural bloc leaders are among the allies. In the PFL [Liberal Front Party], there are Jose Rezende (Minas Gerais), Jonas Pinheiro (Mato Grosso), and Abelardo Lupion (Parana). In the PSDB [Brazilian Social Democracy Party], there are Jose Arruda (Ceara). In the PMDB [Brazilian Democratic Movement Party], there are Valdir Colatto (Santa Catarina), Iris Rezende (Goias), and Mauro Miranda (Goias). In the PTB [Brazilian Labor Party], there are Pedrinho Abrao (Goias) and Nelson Marquezelli (Sao Paulo). In the PP [Popular Party], there are Osmar Dias (Parana) and Odelmo Leao. In the PL [Liberal Party], there is Wellington Fagundes (Mato Grosso).

In addition to approving the topics that the rural sector supports in the Constitutent Assembly, an amnesty was obtained for BB [Banco do Brasil] debtors who contracted debts during the Cruzado Plan. This privilege was sponsored by PMDB leader for Minas Gerais Ziza Valadares, PMDB leader for Pernambuco Mansueto de Lavor, and PFL leader for Minas Gerais Humberto Souto.

One day after the government announced the suspension of credits to the farm sector—as a reaction to the elimination of the use of the TR—Pinheiro took the Senate floor to say that the measure was "irresponsible and antipatriotic." He said the government transformed the BB into "the hen that lays the golden eggs," which feeds its treasury with ranchers' money.

Relations Between Economic Team Ministers, Cardoso Analyzed

PY1204201595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Apr 95 Business and Finance Section p 1

[Article by Sergio Leo]

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso has told his closest advisers he will continue to divide the management of the Real Plan among the ministers of the economic area. He will not choose between Finance Minister Pedro Malan and Planning Minister Jose Serra. One of the main presidential advisers said: "Serra operates in various areas, but the president designated Malan first, specifically to create a balance the two ministers within the economic policy."

Serra stands out during group meetings, while Malan—who is shy—speaks little and prefers to hear the opinion of his advisers, like Central Bank President Persio Arida. Cardoso decided that the Real Plan needs a face, the face of the finance minister. Malan reluctantly obeys the order to appear more frequently in the media.

Malan's advisers say he knows that because he is the most visible person in the Real Plan, he is held responsible for decisions made by a group in which the president is the only member with the power to veto or to decide. "The economic team is now at Planalto Palace," says a presidential adviser explaining the process for making economic policy decisions. The move gives Serra more room. Being more used to the political game, Serra assumes the initiatives and proposals of Malan's advisers—like the controversial Provisional Measure 935, which was suggested by Treasury Secretary Murilo Portugal. This measure caused a crisis with Health Minister Adib Jatene when it stripped his ministry of security budget funds.

In the government, the main steps of the plan are discussed and decided by Civilian Household Chief Clovis Carvalho, Malan, Serra, and Persio Arida at the economic policy sectorial chamber, which usually meets twice a week. Those who are familiar with the group's debates say that disagreements are more frequent between Arida and Serra than between Malan and either of the two.

At important moments, or when the agenda permits, the meetings are attended by the president, who since the beginning of his mandate had to strongly intervene only on two occasions: in February, to decide the on tax reform proposals from widely differing suggestions by the Finance and Planning Ministries (the winning suggestion was Serra's proposal to avoid friction with mayors by leaving the collection of taxes on services to

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municipal governments); and in March, to end Central Bank misunderstandings that caused a tumult on the exchange market.

The Central Bank entanglements were attributed to disagreements between Arida and International Affairs Department Director Gustavo Franco. Cardoso ordered Clovis Carvalho, Serra, and Malan to intervene in the Central Bank, and ordered everyone to speak the same language. His instructions were strictly complied with. The following week, when Arida was accused of leaking information to the financial market, Gustavo Franco wrote a note defending him.

The president is devoted to hierarchy: he never meets with secretaries, only with ministers. He makes no exceptions, even with Economic Policy Secretary Jose Roberto Mendonca de Barros, one of the main stars of the team. Beto, Mendonca de Barros' nickname, has a position of his own: he is a Malan subordinate, but he is also close to Serra and Clovis Carvalho. Until last week, when he got a functional apartment of his own, he lived in Brasilia at the house of Carvalho, the president's "second-in-command" with whom he walked and conversed every morning. Mendonca de Barros was Serra's main ally in defending restrictions on imported goods, yet he supported Malan by reducing the list of products that the Planning Ministry advocated for the 70-percent import tariff.

Alvorada Palace is the place where Cardoso expresses his preferences. Serra arrives at the Palace early in the morning. Malan dines at the Palace and usually lunches with the president on Sundays. Arida has breakfast there, as he did on 6 April. Among second-level officials, only Gustavo Franco visits the official residence. Since the exchange rate policy crisis, however, Franco has kept away from the presidential circle.

Entrepreneurs Polled on Exchange Rate, Inflation

PY1204121995 Sao Paulo AGENCIA ESTADO in Portuguese 1450 GMT 11 Apr 95

[Article by Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 11 Apr (AE)—A poll conducted by the Sao Paulo State Federation of Industries (FIESP)—in which 703 entrepreneurs were consulted—shows that 64 percent believe the government exchange rate devaluation was necessary but insufficient, while 28 percent said it was necessary and sufficient. Another important result is that 38 percent believe the government will achieve the constitutional reform in noncontroversial areas, 34 percent believe the reform will be minimal and in pieces, and 21 percent believe the only part of the reform that will be approved is the part being sponsored by the government.

The poll shows that 42 per cent of the entrepreneurs believe trade will again register a surplus following the new exchange rate measures; 28 percent believe trade will continue to register a deficit; 16 percent believe Brazil will register the $5-billion surplus the government is estimating; 33 percent expect annual inflation to reach 30 percent; 23 percent believe it will reach 40 percent; 2 percent believe it will reach 25 percent; 8 percent believe it will stand at 50 percent. Forty-nine percent believe the exchange rate adjustment will consolidate the plan while increasing inflation and 32 percent believe the plan will be consolidated with inflation remaining at current levels.

The poll also asked about the most recent government measures and found that 84 percent of entrepreneurs believe the Real Plan will become more stable; 8 percent believe it will continue unchanged; 6 percent believe it will not become more stable; and 2 percent believe it is already stable enough.

As for investment, 39 percent of entrepreneurs said their companies will invest this year, 24 percent are waiting for the real to become more stable before making new investments; 10 percent have no investments planned, and 27 percent did not answer. Concerning interest rates, 66 percent of entrepreneurs believe this year they will be far above inflation; 28 percent believe they will surpass inflation; 3 percent believe they will slightly surpass inflation; and 3 percent gave no opinion.

The poll was conducted on 31 March by Internews and was announced today by FIESP director Horacio Piva. Piva said that of the 703 consulted entrepreneurs, 48 percent were from the industrial sector, 43 percent from the area of services, 8 percent from the commercial sector, 1 percent from the agriculture and livestock sector, while 52 percent were from big enterprises, 30 percent from mid-size enterprises, and 18 percent from small companies.

Poll Shows Cardoso More Popular Among Upper Classes, Young

PY0704224895

[FBIS Editorial Report] Sao Paulo O ESTADO DE SAO PAULO in Portuguese on 2 April carries on page A6, a 600-word unattributed article on a poll conducted by the Gallup Institute about President Fernando Henrique Cardoso's popularity three months after his installation. The article states that the president is supported by 46 percent of the people, adding that this is a little higher than at the elections when Cardoso received 44.1 percent of the vote. The article adds that 17 percent believe the president is governing the country badly or very badly, 23 percent believe the administration is neither good or bad, and 14 percent did not want to give their opinion.

The poll compares Cardoso's popularity with former Presidents Collor and Franco, who were each supported by just 14 percent at the start of their mandates; with former President Jose Sarney, who was supported by 55 percent; and with former President Joao Figueiredo was supported by 40 percent.

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The poll directly links economic stability to popularity and concludes that Cardoso is more popular among upper class and younger Brazilians. Support for him is higher in the north-center-west (57 percent) than in the northeast (41 percent), the southeast (46 percent), and the south (44 percent).

Poll Shows 64 Percent of Brazilians Support Cardoso

PY0704220395 Sao Paulo AGENCIA ESTADO in Portuguese 2224 GMT 6 Apr 95

[FBIS Translated Excerpt] Rio de Janeiro, 6 Apr (AE)—A poll was conducted by IBOPE [Brazilian Public Opinion and Statistics Institute] during the two last weeks of March. IBOPE interviewed 2,000 people nationwide and found that 64 percent of all Brazilians approve of the way President Fernando Henrique Cardoso administers the country. Some 23 percent, however, oppose his administration, while 12 percent do not know or do not want to give their opinion. The lowest level of support for the president (59 percent) was found among the upper-class.

Some 7 percent of those polled believe Cardoso's administration is excellent so far, while 34 percent believe it is good. Some 43 percent believe the administration is average, 5 percent believe it is bad, 7 percent believe it is very bad, and 3 percent did not know or did not want to give their opinion.

Regarding confidence in the president, 63 percent said they think they can trust the president, 30 percent said they distrust him, while 6 percent had no opinion or did not want to comment. The president has more credibility among men (70 percent) than among women (57 percent). His credibility is greater in the north/center- west (72 percent), and lesser in the northeast (61 percent). In the southeast the degree of confidence in the president is a little higher (62 percent), particularly in the south (66 percent).

Answering a multiple choice question, 54 percent highlighted unemployment as the most serious Brazilian problem, followed by health (53 percent) and low salaries (31 percent). Only 12 percent believe the inflation rate is the most serious Brazilian problem. Some 26 percent are concerned about abandoned children, 22 percent about the situation of retired people, and 21 percent about public security, while a mere 12 percent are concerned about corruption. [passage omitted]

Military's Congressional Lobby for Budget Share Examined

PY1104024895 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Apr 95 p A9

[Article by Maria Cristina Fernandes]

[FBIS Translated Text] Sao Paulo—In 1972, when the country was ruled by General Emilio Garrastazu Medici, the Brazilian Armed Forces were allotted 23 percent of the national budget. This week, when the mixed committee to analyze the 12th federal budget since power was returned to civilians will be formed, the military will begin to lobby to prevent their budget allocation from dropping from its current 3 percent.

In Congress it was the Navy that began to lobby by sending some congressmen a document entitled "The Brazilian Navy and the Current Situation." In its subtitle the Navy announced its reasons: "Our Possibilities and Limitations."

Six years after the end of the Cold War, the tone of the Brazilian Navy military men is still alarmist. "We cannot but warn of the serious risks the country will run if our military apparatus does not maintain an adequate level of dissuasion, in keeping with that of nations whose interests will probably sooner or later clash with our own," the document states.

Repercussions to the appeal, in a house that is more accustomed to suggesting spending rather than cuts, were not late in coming: "The lack of funds for maintenance is such that military cannibalism is being practiced, by removing spare parts from one piece of equipment to make another one work," said Senator Edison Lobao (PFL-Ma) [Liberal Front Party-Maranhao], who started in politics in 1978 as a federal deputy, by invitation of then President Ernesto Geisel.

One of the best known former revolutionaries of Congress, Deputy Jose Genoino (PT-SP) [Workers Party-Sao Paulo], who has become a frequent interlocutor for the military, believes that the Navy is not shy in justifying its strategic role in "revolutionary wars." "A revolutionary war is essentially an internal security problem that, given its magnitude, surpasses the capability of the legal security organizations, and even demands the activation of the military war structure."

Based on the impression—which still prevails in Congress—that budget cuts threaten Brazilian democracy, the military lobby is efficient in recruiting followers. "Institutions like the Armed Forces cannot live through deprivations," said Senator Jader Barbalho (PMDB-PA) [Brazilian Democratic Movement Party-Para], who last week, during a break in a speech by Senator Edison Lobao about the reduction of the military budget, gave another speech expressing solidarity with the Armed Forces.

Of the hundreds of lobbies that pressure the Mixed Congressional Budget Committee, that of the Armed Forces perhaps best knows the limitations on Congress' ability to interfere in a bill that was written by the executive branch.

The Armed Forces budget proposal and its cuts come from the executive branch. Last week, under the pretext of honoring Aeronautics Minister Mauro Jose Miranda Gandra, the Association of Superior War College Graduates invited Minister Gandra to Rio de Janeiro to express solidarity with him over concern over the delay in the disbursement of 50 percent of the Aeronautics

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Ministry budget for the first quarter of 1995, which amounts to approximately 34 million reals [R].

The Army is also not satisfied with its budget. Although it has not been confirmed officially, it is publicly known in Congress that the Army allegedly owes R100 million to its suppliers. Part of this debt was apparently contracted from the additional expenses incurred by the Army in Operation Rio.

"An Army with a debt would be an historic novelty. A default debt by the Brazilian war industry has not been known since World War II," says Colonel Geraldo Cavagnari, retired, member of the Unicamp [University of Campinas] Strategic Studies Center.

Chile

Senate President Valdes on NAFTA

95SM0264A Santiago HOY in Spanish 26 Dec 94-1 Jan 95 pp 24-25, 27-28

[Interview with Senate President Gabriel Valdes Subercaseaux by Maria Irene Soto: "'This Government Has Been Rather Abrupt'"; place and date not given]

[FBIS Translated Text] The president of the Senate, Gabriel Valdes Subercaseaux, is happy with the look of things as of yearend. In his view, the country presents an improved social, economic, and international balance sheet. Only on the political front does he see storm clouds, citing in this respect the rather generalized touch of abruptness being practiced by the government authorities. And he expresses great concern in regard to the forthcoming negotiation of the Free Trade Agreement [NAFTA]. He says this is because the country has not debated the type of country it wants, and not even the Concertation of the Parties for Democracy has a clear notion in this regard.

We need to know, he says, what we are going to leave in NAFTA and what we are going to leave out of it. He would like, for example, to not tamper with the provisions regarding proprietorship of the means of communication, as the Canadians did, and to include a spirited defense of our cultural identity, an issue that the Mexicans did not even put to debate, inasmuch as their cultural identity was never in doubt. "We are virtually unprotected," he says. "Chile is the most international country in Latin America."

And, he continues: "The invasion from abroad is overwhelming. We have lapsed into a mercantilism in which the economy reigns supreme, and I wish to introduce a note of caution in this regard."

[Soto] Why have you not lapsed into "Naftamania" and even indicated a leaning toward skepticism regarding the issue?

[Valdes] The government has a six-year program, so that we are not dealing with an issue that is a pressing 1990's priority. And this must be taken into account, because it tells us that we must maintain a pace geared to the course laid down by the president. Second, the country has defined the model of its development as one open to all the world. This requires participation in the international organizations, while avoiding the forming of closed blocs. An open country that already obtains 40 percent of its domestic product from its exports should consolidate its presence in all the niches, namely, the Latin American, North American, Asiatic, and European ones. Third, Chile's participation in NAFTA, which began very solemnly with a mere statement in Miami announcing the start of negotiations in May and which is in for a long delay, has a far-reaching significance, in that, our association with the United States involves both responsibility and an international leap almost without precedent. Free trade is possible between Latin American countries; but NAFTA is more than just trade. It involves investments, legislation, patents, and forms of capital models. This is why the negotiations will be taking one, two, or three years to complete.

[Soto] Nevertheless, with your statements you have quenched the government's initial enthusiasm.

[Valdes] Yes, because the invitation is not an invitation to enter NAFTA. Entry into NAFTA comes only after thorough and severe negotiations that require several prior definitions by the Chileans. What concerns me is the defining of Chile's interests, because the interests of Chile, the United States, Canada, and Mexico are not identical. They will have to be reconciled to the maximum extent possible, and there will be elements that cannot be fitted into this community of interests. We must be careful with respect to NAFTA, because though it was indeed an invitation of extreme importance, we have not yet defined our national interest.

[Soto] What you are advocating is the exact opposite of the position taken by Minister Eduardo Aninat, in the sense that what you feel is lacking is the fomenting of a debate to determine the type of country we want, not shying away from washing our dirty linen.

[Valdes] Absolutely. I believe that there must be an extensive debate, an expression of all the Chilean interests, and a determination of our most profound interest. because being Chilean does not also necessarily mean being the sum of the interests of the producers, the bankers, and the workers. Washing our linen at home does not worry me, because the issue in question is not dirty linen but rather the image we have of ourselves as a country.

[Soto] Neither Mexico nor Canada concealed the internal debate that took place in their countries.

[Valdes] That is true. Because openings to the outside world, and free trade agreements, are both instruments for developing a country. What interests us is what plan we have in mind for Chile.

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[Soto] I understand that Canada omitted from the agreement the proprietorship of means of communication.

[Valdes] It also omitted chickens and eggs; and the list of what Mexico omitted is also very long. Nor do I have any desire to lengthen the list of what we should omit from the agreement, but I am definitely interested in defining just what Chile wants beyond improving the acceptance of our grapes, or our wine. We must therefore gain knowledge of all our opinions, those of our intellectuals as well as those of our rural population, our producers, and those of our consumers, our forests, and our textiles. Only in this way will we be able to define what it is that we want to keep for ourselves as Chileans. What worries me considerably in this process of internationalizing our economy is our national identity. In Europe, the countries have become members of the European Union but have absolutely maintained their national identities: France is France, the Italians continue being Italians.

[Soto] What is your understanding of national identity in terms of our production, taking into account existing proposals to transform the southern part of Chile, from Talca down, into a vast forest?

[Valdes] I do not agree with that. I am from the south, and there is indeed good forest land in the south. But the south also has a milk production industry that has set world productivity records; and it has a large-scale production of berries, meat, and asparagus. Yes, I believe wood will be more important to us than copper within a few years, because we have exceptional conditions in that respect, and that is what has yet to be realized. But beyond all of this I am interested in cultural themes, because in today's world, everything is marketable. If it is proven to me that Vietnam rice, placed on the Chilean market—and I have talked about this with the president of Vietnam and the members of that country's parliament—can be sold for one-third the price of Chilean rice, then I shall certainly prefer that the people eat rice three times cheaper than the rice they are currently eating. At that point we shall have to seek another activity for those who currently produce rice. There is also the problem of corn: Within five or six years from now, we will have to eliminate our production of it, because the United States produces it at half the price. What worries me is proprietorship of the press, of television, and of science, not enough of which is being done in Chile. To enter into a common market agreement, a country must be capable of doing its own scientific research and development. I question whether we will even be able to preserve the Spanish language intact. How will the education of our people be affected? Mexico did not engage in this debate because the force of its internal culture is great enough to defend itself on its own. Chile is weaker, and I am concerned with fortifying our identity.

[Soto] Does the government have a national cultural policy?

[Valdes] No. There are funds that are being administered without any coherence, and they are in no way concerned with a cultural vision of Chile. Let me tell you, I was overjoyed when the National Award was given to Margot Loyola, because Chile has many fine composers but they bear a close resemblance to German or American composers. Margot Loyola is a symbol of what I would like to preserve.

[Soto] Are you asking that everything having to do with proprietorship of the means of communication be omitted from NAFTA?

[Valdes] Yes, despite the fact that everything from abroad arrives by cable. The Canadians have said to me that it is unimaginable that we should not safeguard our television. They are defending their television and it seems to me to be a legitimate defense. It is like defending one's household.

[Soto] Are you worried by the way relations have been taking shape between the DC [Christian Democracy] senators, on the one hand, the government, on another, and the leadership of your party on still another?

[Valdes] No, I am not worried, because we have been meeting and we see eye to eye on several issues. What actually happens is that we senators lead quite an erratic life. We spend three days in Valparaiso, then we go to the regions, and actually we meet very infrequently with the ministers. And I must say frankly that the idea of having the Congress in Valparaiso is not a good one for Chile. Nor is it a good one for Valparaiso: The city is a great port and very beautiful, but it is not cut out to be the seat of the government's legislative branch. I was a minister and I used to go to parliament every day; and now I see how difficult it is to reach an understanding with the ministers. Second, I believe parliaments are undergoing a transformation; many more aides are needed. This year, we have enacted 172 laws, a historic record; and we do not have much time to study them. The executive branch is so well staffed and has so many irons in the fire that today alone it has sent us five bills requiring immediate debate. We are not too well off in this regard: There is an imbalance between the executive and the legislative branches. Moreover, the leaders of many of the parties are not parliamentarians, and we operate much in the manner of a three-legged table.

[Soto] It is precisely the leadership of your party that lacks parliamentarians.

[Valdes] And that is not good, because it weakens our positions as parliamentarians.

[Soto] What is behind the disorder in the Concertation?

[Valdes] The disorder is more a speculation than a reality. I see a very close synchronization between the PS [Socialist Party] and the DC [Christian Democracy], a much closer one than might appear to exist. I see that with the PPD [Party for Democracy] there is nothing much to worry about even though the president of that party is restless, impulsive, and almost unpredictable in his reactions.

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[Soto] But Jorge Schaulsohn has kicked up a few storms in the Concertation.

[Valdes] Yes, the fact is that sometimes he perhaps smashes the glassware.

[Soto] And what about the way in which the government arrives at its decisions, without consulting its basic support structure, which is the Concertation?

[Valdes] The occurrence of short circuits in a presidential government is unavoidable. Even in the most modern buildings, fuses blow. The problem is that replacements must be kept on hand; the blown fuse is replaced and operation resumes. Life is not always a bed of roses. The government has indeed behaved surprisingly at times in the performance of its functions. I myself have been surprised at the manner in which it has behaved. This administration has been rather abrupt. Generally, it has proceeded with a touch of brusqueness that, for my part, I dislike. It is my belief that policy must be conducted with a certain flexibility so as to avoid creating difficulties.

[Soto] Is the administration inclined toward arrogance?

[Valdes] It has a distinct style. Now, that style may be quite all right, but I would not operate that way. I do believe its style has improved considerably with Carlos Figueroa. I have a high regard for him as a leader, and as minister of interior he is a very important factor in the management of difficult situations, which all governments have to face. I must tell you that I am very proud of the ministers of my party, and especially of Figueroa and Aninat.

[Soto] How do you view this role of prime minister into which Figueroa has been cast?

[Valdes] It was that way in the past. And today we must still evoke the image of General Pinochet to understand it. He used to say that not a leaf moved unless he decided that it should move, and that was very close to the truth. I was a minister in another government, and I saw that the minister of interior occupied a very fundamental role. Mr. Sotero del Rio, for example, was the central policy figure in Mr. Jorge Alessandri's administration. I am not surprised at the recurrence of the phenomenon, because it yields the important advantage that the president of the Republic does not have to get involved in day-to-day administrative chores, and if an error is committed he does not have to answer for it. Especially today, when foreign policy has become so fundamental, a president must be the president of all Chileans and must concern himself with the big problems, of poverty, of farming, and of our culture.

[Soto] Would you be in favor of institutionalizing the separation of those powers, so that the minister of interior would be the head of government, and the president the head of state?

[Valdes] Yes, by all means, but not subordinating the minister of interior to Congress.

[Soto] I understand that there are marked differences among the DC senators on the issue of privatization of the public health facilities.

[Valdes] That is true. Privatizations are not a panacea, and I am not an all-out privatizer. I was educated in the government service, and I believe the government must carry out its function. But its function has ceased being oriented toward production, except for CODELCO [Copper Corporation], and has become regulatory. In Chile, when waters become polluted, as occurs in Osorno, and they tell me that there are no fiscal resources to deal with it, I tell them to let the private sector in. In Valdivia I succeeded in getting the private sector into the picture, and we are now going to have clean water there.

[Soto] But several senators of your bench are going to vote against the government's plan.

[Valdes] I do not believe it is necessary to enact a law in this regard. There is already enough legislation to permit participation by the private sector. To think that pollution is ended by laws is absurd. It is ended by action. In Chile we have too many laws!

[Soto] What is your assessment of the Frei administration's performance in its first year in office?

[Valdes] I find it excellent; and let me tell you that hardly any other country in the world could present a better balance sheet of accomplishments: peace in the social sector; an increase in workers' real wages; increased domestic savings; increased, and the Latin American record for, growth of the national economy as a whole; and extraordinary successes on the international scene. I see no indication whatever that the first year's balance sheet is anything but excellent. In public uprightness, we are in good shape: There is no corruption; petty thieves there have always been, from Adam on down. I am proud of Chile, and very proud of this administration.

[Soto] And is the balance sheet of the Concertation as optimistic?

[Valdes] It is very good. We have been through one administration, we are now in another, and the alliance has proven to be very effective. And I see no other alternative to it from the standpoint of governing.

[Soto] Nevertheless, the parties themselves feel that the situation is different, that they are no longer in the era of the epic 1988 plebiscite or of the Aylwin transition. And now their differences are beginning to surface.

[Valdes] What is lacking is what I call the construct of the country that we want to be. We are all in agreement on opening up our country, on joining the outside world, but we do not know what country we want to be; and this involves much more than the privatization or nonprivatization of its drinking water. As Senator Ominami has

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said, "Let us not worry about the color of the cat, when what interests us is that he catch the rat." Whether the private sector or the public sector does it is immaterial to me. The important thing is that we clean up our waters, that we put an end to poverty, that we be cultured. There should be municipal theaters in Santiago and everywhere. We should have decent roads. Because everything we do must be paid for at some point in time, and let us hope the rich pay for it, because the poor can no longer continue paying. What we need is a plan as a country, one that does not allow either Arica or Magallanes to fall by the wayside, and Talca does not continue to remain behind. I see our foreign effort as the instrument that ensures that we can enter any common market next year or the year thereafter, and in addition coming up with the resources necessary to tidy up our country.

[Soto] What country do you want us to be?

[Valdes] A peaceful, middling country, devoid of arrogance. I like Sweden as a model. Even though, similarly, we are not likely ever to be world soccer champions. But we will have an occasional Zamorano. I want a harmonious country, in which living in the provinces is preferable to living in Santiago. A country that has a love of nature, and where education is equal for all—this is very fundamental—and one where talent is spurred on to achievement. That is Chile's grandeur; copper is an additive.

NAFTA Negotiating Team Head Profiled

95SM0264B Santiago QUE PASA in Spanish 24 Dec 94 pp 23-24

[Article by Ana Rodriguez: "The Ascent of Juan Gabriel Valdes"]

[FBIS Translated Text] *As he takes over as Aninat's right-hand man in NAFTA [North American Free Trade Agreement], Juan Gabriel Valdes, former ambassador [and son of Senate President Gabriel Valdes], has finally attained a key job that will boost his rise in Chilean politics, whose secrets he has known from early childhood.*

It is undeniable that a lucky star has accompanied Juan Gabriel Valdes Soublette (PS [Socialist Party]), son of Senate President Gabriel Valdes Subercaseaux, through the various events of his life. On the morning of 21 September 1976 he was to have been in the car that exploded in Washington, causing the death of former Foreign Minister Orlando Letelier. Customarily, the foreign minister picked him up, every morning, to go to the Political Studies Institute where they worked together. The evening before, Valdes had gone for a ride in the same car, not suspecting that the bomb had already been placed in it. That night he called Letelier to tell him not to pick him up the next day because he had to take care of his young son.

In October of this year, the wheel of fortune again favored Juan Gabriel Valdez. His appointment by Finance Minister Eduardo Animat to head the NAFTA negotiating team propels him to the position of the leading figure in one of the Frei administration's four-star projects, and confers on him a public profile that he never had. "Juanga [Juan Gabriel] has long desired to have his first political post in Chile. Animat has given it to him," says a friend of his.

Moreover, the appointment arrived at a very favorable moment: Since leaving his ambassador's post in Madrid—which he occupied during the Aylwin administration—his future has appeared uncertain. During the summer, his name was mentioned for the most coveted embassy post, Washington, and the foreign affairs minister designate, Carlos Figueroa, together with his undersecretary, Jose Miguel Insulza, explored this possibility. It was shattered by the PDC's [Christian Democratic Party's] resolute opposition. During the first months of his return to Chile, he made the rounds on his own, looking for a niche. He headed a UN project to strengthen the Ibero-American Summit Conferences. But this move was blocked by the Spanish Government's misgivings with respect to yielding the role of coordinator to the UN.

Valdes also tried to insert himself into the PS, joining the team that researched the Socialist Plan and going on trips around the different regions of the country, including Valdivia and Osorno, which are represented by his father. Those close to him say that he even talked to his father about possibly replacing him in the Senate in 1997.

It was during a trip to Region X, on 20 October, that he received an urgent call from Aninat, offering him the job of NAFTA negotiations coordinator. Five days later he made his debut in a meeting with Canadian officials who proposed dates and proceedings for the announcement of Chile's entry into the treaty. And on 31 October he left together with Aninat for the United States and Canada, where they met with the U. S. trade representative, Mickey Kantor, and the principal Canadian ministers. By 15 November, Valdes already had in his hands the first draft of the declaration that would be announced during the Miami summit.

The appointment of Valdes (47, married, four children) did not escape the climate of rivalry between the Finance Ministry and the Ministry of Foreign Affairs over the management of NAFTA, which goes back to the conflict between Aninat and Figueroa, who was then the foreign minister. Foreign Affairs Ministry officials dropped caustic remarks to the effect that Valdes' training in economic matters—he has a degree in political science, with postgraduate courses at Essex and Princeton—was not equal to the task of conducting such a complex negotiation. Others found it difficult to swallow that the head of the negotiation should be a diplomat answering not to the Foreign Ministry but instead to the Finance Ministry. According to those sources, the ambassador in Washington, John Biehl, would not like to see Valdes be

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given the rank of special ambassador—a decision that is still pending—if it means having to give up some of his own authority.

Officials of both ministries refute the criticism, pointing out that Animat did not need an additional technician for that post—he already has dozens of them—but rather a man with contacts in all sectors, well versed in policy matters, with expertise in international relations, the ability to set up teams, and good access to the Ministry of Foreign Affairs. And they assert that Valdes combines all of these qualities, making him the right person to facilitate matters involving both the ministries in conflict. The fact that his father is the president of the Senate—the institution that will vote on NAFTA—and that he has excellent relations with the Concertation [of the Parties for Democracy] party presidents were not irrelevant factors in Aninat's decision.

As of May of last year, Aninat had already invited him to join a team of advisers for NAFTA, that was to become active at some later date. But in that job, he would be an addition to a long list of persons, and his assignment would be limited to international advisory functions. Valdes mentioned this to Carlos Figueroa, who was then the foreign minister [and is now the minister of interior], and who was delighted over the inclusion of his friend. In 1989, Figueroa had teamed him up in the group that produced the Aylwin campaign's television publicity effort, a job that Valdes combined with the one he was doing for Ricardo Lagos' senatorial staff.

Lagos' influence was the key to Valdes' winning the jackpot for the PS in the distribution of embassies: Spain. There he strengthened his relations at the PSOE's [Spanish Socialist Worker's Party's] highest level. Figueroa's daughter, Magdalena, was his secretary in Madrid. His friendship with the present minister of interior dates from the time he was his student in procedural law at UC [Catholic University]. Such was their mutual trust that Figueroa was the only professor who knew, because he was told by Valdes—who at that time was a member of the JDC [Christian Democratic Youth]—that the students would seize the UC, thus initiating the university reform. The other person who learned of it beforehand from Valdes was his father, who was the Frei Montalva administration's foreign minister, and who mediated the conflict, with the Holy See.

Valdes began learning the keys of power and acquiring close international contacts at a very early age. He was young when his father received in their home Israel's Prime Minister Golda Meir and Robert Kennedy. And at that time he also met Charles de Gaulle, among other prominent figures.

The knowledge he has of the United States and Mexico, and his network of contacts in those countries, where he lived five and four years respectively, also weighed heavily in the process by which he was selected for his new post. In Washington, he lobbied together with Letelier for the Chilean opposition, and met, among others, Richard Feinberg, presently the NSC's head of Inter-American Affairs and Senator Edward Kennedy.

Traumatized by the killing of Letelier, and by later learning that his own life was also in danger, he established himself in Mexico City. There he became a researcher at the ILET [Latin American Institute for Transnational Studies] and met Carlos Salinas de Gortari and Jesus Silva Herzog, the current Mexican ambassador in Washington, who was finance minister in President De la Madrid's administration, and former ambassador in Madrid while Valdes was ambassador there.

Currently occupied with the recruiting of negotiating teams, his first official meeting with his counterpart in Washington is scheduled for 20 January. During 1995 and part of 1996 he will travel weekly to Mexico and the United States. If he concludes the negotiations successfully before 1997, he will become a difficult rival for any candidate, in the event that by then he still harbors his senatorial ambitions.

[Box, p 24]

Network of Contacts

Juan Gabriel Valdes seemed like the ideal person to lower the tension between Finance Ministry and Foreign Affairs Ministry officials, and lessen the fears of the latter of being relegated to a minor role in the NAFTA negotiations. Valdes has in his favor not only his having been part of the foreign service from 1990 to 1994, but also his having maintained old and close ties of friendship with the principal figures in the Ministry of Foreign Affairs.

He was Foreign Minister Insulza's fellow traveler when they both belonged to the JDC [Christian Democratic Youth] and subsequently to the MOC [Worker-Peasant MAPU]. And they strengthened their friendship during the military administration in Mexico, where for years they worked as researchers, specializing in U. S. matters, at the ILET [Latin American Institute for Transnational Studies] and CIDE [Educational Research and Development Center]. In the mid-1980's they returned to Chile, and joined the ranks of the PSN [Nunez Socialist Party].

Foreign Affairs Undersecretary Mariano Fernandez (PDC [Christian Democratic Party]) is his childhood friend and, together, as law students, they participated in the seizure of the UC [Catholic University]. They also worked for the "No" campaign, while Valdes was director of ILET-Chile and Fernandez headed the CED [Development Studies Center] founded by Valdes's father, Senator Gabriel Valdes. Moreover, for many years, the senator had Fernandez as his political adviser. The ambassador in Washington, John Biehl (PDC), also once was Senator Valdes's adviser and CED director. For 25 years, Juan Gabriel has been a friend of Biehl, who persuaded him to change from law studies to political science.

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One of the crucial points in the tension between Finance and Foreign Affairs is the strained relations between Minister Aninat and the Foreign Affairs Ministry's Director of Economic Relations Juan Salazar. The latter, according to the same sources, worked on the NAFTA question together with Minister Foxley in the Aylwin administration. In his view, this entitles him to be part of the negotiating teams, from which he has been excluded. Strained relations between the negotiating teams and Salazar would be serious, since he is in charge of Mercosur [Common Market of the South], and both sets of negotiations will have to be combined. But he has kept a smooth contact with Valdes. They have known each other since they were fellow students in the Grange School.

Frei's 'Decisiveness' Praised

95SM0264C Santiago QUE PASA in Spanish 17 Dec 94 pp 14-16, 18-20

[Unattributed article: "Imprint of a Style"]

[FBIS Translated Text] *In the year since his election, Frei appears to have consolidated a style of governing marked by decisiveness, a small inner circle of trusted co-workers, a predilection for his economic agenda, and a separation from the parties.*

On Sunday, 11 December, President Eduardo Frei completed his first year in office following his election as the nation's leader, and at the close of the Summit of the Americas, in Miami, received the splendid gift of an invitation to negotiate Chile's entry into NAFTA [North American Free Trade Agreement]. That announcement was the gold medal award for the successes he has achieved since taking office in Palacio de La Moneda; and it seemed to compensate for the thankless 365 days that preceded it. As put by one of the top leaders of the Concertation of the Parties for Democracy: "If Frei previously governed as if driving along a clear unobstructed four lane highway, now, with NAFTA, four more lanes have been added to it."

But beyond the euphoria unleashed by the president's bringing home of the "first prize" from Miami, a rigorous analysis of the first year of his palace debut reveals a mixture of wise and vigorous decisions with controversial decisions. These have given a polemical cast to a style that is distanced from the political class. Nevertheless, the mixture appears to be producing a result that is favoring the chief executive. Although it seems only yesterday when the pages of the political press were taking shots at an "absent" president, the leaders of the pro-administration parties are acknowledging today that this characterization never conformed to reality. And they confess that as of the end of his first year they are dealing with a chief executive who accords little importance to the parties, who looks down on the everyday content of "riffraff," and who prefers dealing with efficient technicians rather than managers with verbal diarrhea.

During the initial months of his presidency, Frei was severely criticized by the parties. He was accused of not having a mind of his own, of leaving decisions to be made for him by his inner circle of advisers, and of still lacking "political wheeler-dealership." Some of his first steps appeared to confirm the apprehensions the Concertation leaders were slipping into their confidential comments. One of these steps was his unsuccessful attempt at exercising authority when, a month after taking office, he requested General Stange's resignation. "A president can never risk asking for what is not within his province to request. And Frei did so at the start of his debut, and publicly," comments one of the leaders of the governing coalition.

Many do not consider episodes of that type to be merely occasional mistakes. Rather they see them as part of a bold style of crash decisions, that pays no heed to the costs that commonly deter traditional politicians. It is the "Frei style."

The first signal sent in this regard by the chief executive occurred shortly after his anointment by the electorate. On Wednesday the 22d, 10 days after the election, the president elect decided not to turn the Treasury Ministry over to his party comrade, Juan Villarzu, until then considered a sure bet for that ministry, but who was the subject of rumors alleging use of his influence as a "future minister" to tidy up his financial situation.

Many see this as the first time that Frei showed "his hand." Until that moment, he had built a rising career free of setbacks, and a masterful election campaign. He had never had to wield the gavel of authority in a way that would reveal his impersonal style of governing, and the Villarzu case became the perfect preview of his future style.

He had previously sent similar signals, however. In August 1991 he had pitched headlong into a debate for the presidency of the PDC [Christian Democratic Party], breaking an agreement with the party's potential presidential candidates that none of them would declare their candidacy for election to the position. The press baptized it the "Frei-style bombshell," and the bold operation became his steppingstone to La Moneda.

Throughout that campaign, as throughout the carrying out of his functions, he has hewed to his modus of accomplishing his ends, which is based on a small inner circle of trusted co-workers. It is a power ring that is very difficult to enter, and less complicated than it might appear to be to exit. The hard core of that ring is the "golden brace," consisting of the ministers of interior and defense: Carlos Figueroa and Edmundo Perez Yoma, respectively. As of recently, Finance Minister Eduardo Aninat and Director of the Secretariat of Communication and Culture Pablo Halpern have come close to that place of honor.

In addition to the Villarzu case, the best example of the ease of losing one's place in Frei's inner circle is the case of the minister secretary general of the presidency, Genaro Arriagada.

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After assuming his functions surrounded by an aura of untouchability, Arriagada lost much of his province with the failure of his initial plan for the policy team, which collapsed with the 20 September cabinet reshuffle. In any case, the fall into disgrace of co-workers like Villarzu and Arriagada did not entail their relegation to total ostracism. Villarzu was assigned to CODELCO [Copper Corporation], and Arriagada, although his authority was curtailed, retained his position.

Probably what has most irritated the leaders of the governing coalition parties is that Frei has made important decisions without consulting them, and relying solely on his reduced, hermetically closed circle of advisers. That is what occurred when he decided to go for Stange's resignation, and when he reshuffled the cabinet (leaving the PS [Socialist Party] out of it). In the case of TVN [National Television], although La Moneda sticks to its script that the government did not intervene, two versions circulate within the Concertation. The first is that Frei rejected the advice of his closest advisers, who would have preferred to delay the ouster of the channel's executive director, Jorge Navarrete. The second is that, at the least, Frei did not inform his operative, namely, the president of the TVN board of directors, Luis Ortiz Quiroga, in a timely manner, that the strategy for removing Navarrete was already frozen. In any case, both versions reflect the autonomous manner in which the president arrives at his decisions.

Last summer, Frei's advisers were already predicting that the principal focus of conflicts would be La Moneda's relations with the parties. The leaders of the coalition parties themselves acknowledge that the parties were "consolidated" for this second government by the Concertation, and that they would therefore demand a greater share in it than they had obtained under Patricio Aylwin. But they quickly realized that Frei's style did not include participation by the parties in the decision-making process. A clear example of this was the initiative to privatize Colbun, which the PS learned about when it was already in progress. The PS succeeded in halting it by means of a very determined opposition.

Initially, the parties debated heatedly over the defining of a clear-cut orientation of its platform by the government, with emphasis by the PS and PDC on political reforms. In his speech of 21 May, Frei presented a solid "navigation chart" centered on economic modernization. In August, after further work on it, in which Arriagada participated, Frei's agenda was confirmed in a speech by Eduardo Aninat.

As one of Frei's close advisers points out, Frei is convinced that the country has entered a "process of development," and that, despite the debates taking place in the political ambit, his government will succeed in its modernization undertaking. Unhappy though it may make the leaders of the coalition parties, the chief executive is determined to disregard eventual conflicts and will accord priority to the more important aspects of his agenda. For this reason, he will more frequently be seen consulting with the technicians heading these areas than with the party leaders, as is already occurring.

In fact, the president maintains a fluid relationship with the staffs of the key ministries in respect to his modernization plans. For example, he has a perfect understanding with Finance Undersecretary Manuel Marfan, Telecommunications Undersecretary Jorge Rosenbluth, and Transportation Undersecretary Claudio Hohmann, among others. Moreover, Foreign Affairs Minister Jose Miguel Insulza owes his having captured Frei's high regard for him less to being a Socialist than to technical mastery of the area covered by his portfolio. In the chief executive's view, Insulza's party affiliation was less relevant to his appointment than the confidence shown in him by Figueroa. Frei is not obsessed with the idea of a political team that is representative of all the parties.

The leaders of the Concertation are going to find it hard to adjust to La Moneda's new style. With Aylwin, on the other hand, they spoke and understood each other in the same language, since the former president, a jurist by training and one of the old breed of leaders, accorded primacy to the political aspects of issues. Aylwin's profile fitted to perfection with the principal tasks of the transition, most of which were intangible and institutional, such as the civilian-military relationship, human rights, and the democratization of the institutions. For this reason, in the first Concertation government, more special attention was devoted to the quest for consensuses among the political players. The scenario that Frei has to deal with is different, in that, its principal task—modernization of the country's economy and production—is a tangible one. It requires consensus not among the parties but rather among efficient technicians. Little by little, the PDC, PS, and PPD [Party for Democracy] have begun to understand that this is the only road that will lead to their being heard at the palace, and have therefore started reconfiguring their technical committees and beefing up their staffs of professionals.

While Aylwin used to enjoy analyzing documents such as the Rettig Report, and editing and personally underlining occasional drafts of bills, Frei reviews only folders containing memos and reports on matters of a technical nature. While the political leaders claim that his style is laconic, and that he has difficulty in expressing himself, the technicians who work with him assert that he expounds with great ease on technical matters. The leaders of the CUT [United Labor Confederation], for example, complain that they have made lengthy presentations to Frei, only to be shown out in minutes with a few brief responses.

At the start of this administration, the speculation was that, supposedly traumatized by the conflicts his father's administration had had with the PDC, Frei would be treating the parties with kid gloves. But his co-workers reject this view, pointing out that he has always been inclined to use all the prerogatives of his position, displease the parties though it might.

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Episodes like the cabinet reshuffle and the TVN crisis have generated friction with the president of the PDC, Alejandro Foxley. Although many thought that Frei's relations with the party would be eased by the presence on the PDC's executive board of his brother Francisco, whom they considered to be the president's operative in the party, it did not work out that way. Party and La Moneda sources acknowledge that Francisco operates independently, and that differences have cropped up between their respective views. For example, the palace preferred Gutenberg Martinez as president of the PDC, but Francisco and the Frei wing of the party opposed it in favor of Foxley.

Frei has responded to the complaints of the parties with a forceful argument: the legitimacy to govern that was conferred on him by his having won all elections in which he has run since 1991, with overwhelming majorities. In that year he defeated Narciso Irureta for the presidency of the DC [Christian Democracy] with 70 percent of the votes. In May 1993, he defeated Ricardo Lagos overwhelmingly in the Concertation primaries, and in December of that year he won the presidential election with 58.01 percent of the votes, obtaining three points more than Concertation did in the parliamentary elections. Thus, the mandate conferred on him by the electorate provides him with a legitimate basis on which to govern without depending on agreements with the parties.

Despite that legitimacy, the parties tirelessly accuse him of having bypassed them in arriving at decisions in a cold and "entrepreneurial" manner. For example, in the case of the cabinet reshuffle, Frei's closest inner circle decided to risk the political cost of making the changes behind the backs of the parties. The sacking of German Correa—after parading him in a float during the celebration of Fiestas Patrias [Festival of the Fatherland]—and of Rebolledo—who hours before, and unaware of the change, had announced "I have not packed my suitcases"—was considered a humiliation of the political class as a whole. In the PDC, meanwhile, the Aylwin faction criticized caustically the sacking of the former undersecretary for regional development, Jorge Rodriguez Grossi. Days later, polls found that the citizenry assessed the president's daring step positively.

During the hearing he granted to the president of the PS, Camilo Escalona, on the same day as the cabinet change, Frei's style reasserted itself. Escalona argued for a half hour trying to convince the president not to bounce Correa, and succeeded only in eliciting a trifling response devoid of major reasons for the measure. Following the TVN episode, Escalona's obfuscation reached the point of his saying to Figueroa that just as Aylwin will go down in history as the builder of the Concertation, Frei will go down as the destroyer of that alliance.

Notwithstanding the low priority the president accords to the parties issue, his recent conflicts with the parties have nevertheless led him to entrust Figueroa with the task of improving relations with them, while he attends to major matters of state. The minister of interior, for his part, is not only concerned with strengthening the bonds of the Concertation so as to ensure a future free of turbulence for La Moneda, but, in view of his own political aspirations, he is also desirous of not muddying his own relations with the parties.

The problem of relations between the government and the Concertation is further compounded by the fact that neither the PDC nor the PS is prepared to digest Frei's modernization agenda, especially from the economic standpoint, involving privatizations. In this respect, there is greater harmony between La Moneda and the PPD, which is more inclined to advance at the pace being set by Frei. An example of this is that the PPD's Policy Committee, in its meeting on Friday the 9th, decided to come down publicly in favor of the government in its conflict with the CUT. In addition, following the PPD's internal election, Frei lauded Schaulsohn, characterizing him as a "modern" leader, and invited him to his home, together with the party's new executive board. This produced a reconciliation a few days ago, just days after Frei had accused Schaulsohn of seeking "facile prominence" during the debate on the political reforms.

Frei's priorities also favor the PPD's strategy of seeking to appear more pro-government than the PDC.

Despite the conflicts, Frei's advisers insist that he will continue forging ahead with his style, and they acknowledge that the government has no "recipe" for improving its relations with the parties. What is clear is that Frei's solid relationship with Figueroa and Perez Yoma will continue growing stronger. The three have a common matrix: They are businessmen. And confrontation does not faze them. Figueroa stands out for his superb executive ability, and shares with Perez Yoma an inborn talent for leadership. Arriagada, on the other hand, has distanced himself from this "iron ring" because although his style as a mediator served well during the team-building and program-development phases prior to the cabinet reshuffle, once the La Moneda's "settling in" process was completed, his style did not harmonize with the executive style that has marked the president's manner of governing.

In turn, Frei eulogizes Perez Yoma for his characteristic ability to relate, on familiar terms, with everyone, an ability that the chief executive himself lacks. Perez Yoma's abruptly frank manner is more effective in dispelling conflicts at a negotiating table. And the defense minister is the only one "privileged" to communicate with the president on a level of total confidentiality, addressing him in the familiar "tu" form, and using Chilean vernacular, and euphemisms that not even Figueroa uses with the same ease and self-assurance in his conversations with Frei.

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[Box pp 18-19]

Menu of Contrasts

Patricio Aylwin and Eduardo Frei, represent completely different styles. One is a lawyer, a jurist, and a lifelong politician. The other is an engineer, a businessman, and, for a long time, distant from the politics of parties. These characteristics mark the way in which each one approaches the administration of government in detailed areas such as the following:

—Political Parties: Patricio Aylwin's leading role in the years before the 1973 coup d'etat, when the institutional framework was shattered, marked his concern for political consensus and the permanence of the Concertation. The relationship began to deteriorate only toward the end of his administration, starting mainly with the proceedings relating to the so-called "Aylwin law," which sought to put an end to the subject of human rights as an issue, and which was opposed by the parties. In the Frei administration, the distancing between parties and government has increased. Unlike the praxis of the Aylwin era, the parties today have less impact on the decisionmaking process, and, although they can count on ministers being drawn from their ranks, these do not act as conveyor belts of their parties' apprehensions and positions.

—Agenda: Patricio Aylwin's administration was marked by issues that were of a more intangible nature, and that were more conducive to keeping the Concertation of the Parties for Democracy united, such as: human rights, civilian-military relations, social justice, democracy and participation, etc. Aylwin's political and juristic profile fitted to perfection into that spectrum of issues. The same is true of Frei, who, being an engineer, is ideally suited to deal with the problems of a period in which the priority is on bringing to completion works and goals, in the social as well as the economic ambits. This is why major importance is being given to the technical ability of public officials rather than to their political qualifications.

—Economy: In spite of the fact that the Aylwin administration did not change the economic policy pursued during the previous administration, the requirement for greater social justice and equitable distribution of wealth generated estrangement with the business world. Today, the government considers that sector as one of the country's main "engines for development."

—Advisers: Although both Patricio Aylwin and Eduardo Frei formed their policy teams with persons in whom they could place their full trust, Aylwin, purely by chance, had among his closest advisers leaders who represented the opinion of the community to which they belonged. This lent greater ease to Aylwin's approach to subjects that the Concertation parties deemed sensitive. Along these lines, Enrique Correa (PS) and Edgardo Boeninger (PDC) operated as true barometers for measuring the impact of La Moneda's policies on the parties. Frei, on the other hand, is not obsessed with governing on the basis of consensus with the parties, and his inner circle is made up only by spokespersons belonging to the PDC, who, moreover, represent only a sector of his party and have been his friends and collaborators throughout his entire political career.

—Pinochet: Relations between General Augusto Pinochet and Patricio Aylwin's administration had a bad start when Aylwin, before assuming power as president, asked the general to resign his post. The mistrust continued in the years that followed, owing to the importance given by Aylwin to the human rights issue. To this was added the virtual nonexistence of communication between Pinochet and Defense Minister Patricio Rojas. Army-government relations have taken a 180-degree turn since the start of Eduardo Frei's administration, which has favored good relations with Pinochet so as not to upset its economic agenda with sudden shocks in this area. Unlike Aylwin, Frei does not view Pinochet as an obstacle to the conduct of his administration. Moreover, Frei's defense minister, Edmundo Perez Yoma, has good relations with Pinochet.

—International Relations: Unlike Aylwin, President Frei has placed greater importance on the Foreign Affairs Ministry's involvement in Chile's insertion into international trade. During Enrique Silva Cimma's tenure, instead, the Ministry of Foreign Affairs dealt essentially with Chile's diplomatic reinsertion in the world, and economic matters were dealt with by the Ministry of Finance (NAFTA), the General Secretariat of the Presidency (Apec), and the Ministry of Economy (Europe).

[Box p 16]

The Technical Circle

During the more than eight months he has been at the head of the government, President Eduardo Frei has cultivated a close relationship with a small number of advisers and undersecretaries. Owing to his engineering training, he has been able to establish a fluent dialogue with them, in which figures, data, and statistics predominate. Notable among this group are the following persons:

Manuel Martan (41, PS): It is customary for Finance Undersecretary Manuel Martan to walk the streets of La Dehesa with his friend and boss, Minister Eduardo Aninat. Manuel Martan is a commercial engineering graduate of the University of Chile and holds a degree in economics from Yale University. During the first two years of the Aylwin administration he was in charge of relations between the Ministry of Finance and the Central Bank concerning macroeconomic affairs. Between 1992 and 1994 he was adviser to the Finance Ministry during tax-bill negotiations. As finance undersecretary

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he was one of the most active promoters of the new National Customs Service law, the purpose of which is to relieve traffic problems at ports and airports, and provide incentives designed to improve performance by customs officials.

Eduardo Bitran (36, no political affiliation): He is an industrial civil engineer, with a PhD in economics from Boston University, and postgraduate studies at MIT. During Alejandro Foxley's tenure as finance minister, he was coordinator of the capital market analysis project. Presently, he is the general manager of CORFO [Production Development Corporation]. Under his management, the privatizations of Edelnor [Northern Electricity Company] and Empremar [State Maritime Enterprise] were started, and a decision on the question of public health enterprises is under study.

Jorge Rosenblut (41, close to PPD): He is described as a methodical, strict, and efficient person. In his present position as undersecretary for telecommunications, he has had to put the multicarrier complex into operation. With his complete knowledge of his field, he has become Frei's contact with the Ministry of Transportation and Telecommunications for the latter sector. As head of the Interministerial Coordination Division of the General Secretariat of the Presidency during Patricio Aylwin's administration, he advised on the negotiation of the Telecommunications Law 3-A. He is considered one of the professionals in the vanguard of the Latin American experts devoted to the modernization of government and improvement of the administration of tax laws. A sign of this is his penchant for placing limits on the duration of working meetings.

Claudio Hohmann (40, PDC): Currently the undersecretary for transportation, he was an adviser to the ministry in the area of urban transportation during Patricio Aylwin's administration. As such he had to coordinate the retirement of 2,600 buses in Santiago and the bidding on contracts for the construction of urban thoroughfares. He is a civil engineering graduate with a minor in transportation, from the University of Chile, and has always worked in the latter field. His passion for music dominated him for a time, and he performed in Martes 13 and sang in pubs in Barrio Bellavista.

Enrique Mendez (40, Independent): This economist, who teaches at the University of London, has had important international roles. As head of Investments in Latin America of the International Finance Corporation, he handled the Public Enterprises of Mexico Reform Project, valued at $800 million. When Frei took office, he was retained as general manager of State Railways, a position he had held since March 1993. In that position he has managed to obtain the allocation of the minimum funds necessary for reactivation of the enterprise. Recently, he privatized the freight sector of the railways.

Ecuador

Army Contingents Withdrawing From Base Sur

PA1204185995 Quito Voz de los Andes in Spanish 1700 GMT 12 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Beginning today, the Ecuadoran Army contingents occupying the advanced border post of Base Sur are being withdrawn in accordance with the separation of forces undertaken by the Ecuadoran and Peruvian Governments within the framework of the Itamaraty Agreement.

Beginning on Thursday, weather permitting, observers from the guarantor countries will take over Base Sur. They will be responsible for seeing that Base Sur is not occupied by Peruvian military forces. To this end, they will conduct observation flights.

Tomorrow begins the third stage of the separation of forces, which includes the withdrawal of Ecuadoran troops from Tihuinza. This plan, however, will depend on the schedule that can be applied in the theater of operations.

Support for Indigenous Border Peoples Urged

95SM0277A Quito HOY in Spanish 5 Apr 95 p 4A

[Commentary by Diego Araujo Sanchez: "Triple Plea"; received via Internet]

[Text] Felipe Tsenkush, president of the Shuar federation, complains that the help promised to protect the health of the Shuar and Achuar peoples has not arrived. More to be feared than the bombardments of the elite forces on the other side of the river are parasitosis, cholera, and dysentery. These diseases kill children and seriously harm the health of the adult population. "I myself saw children in Sucua a few days ago who were suffering from diarrhea," says Tsenkush. Health stations, doctors and medicines, and preventive measures against the diseases that attack indigenous peoples are needed there and throughout the Amazon region.

The Shuar and Achuar peoples returned to their homes in the battle zone before the pacification process began. These homes, scattered throughout the jungle, are the country's most effective and immediate form of defense, and require the state's help. Any service provided that will encourage the growth and development of the Shuar and Achuar border communities is more effective, over the long term, than any expenditures on arms.

The indigenous communities of the area suffer from problems of environmental contamination due to the war. The forest was devastated by innumerable bombardments, and it will continue to be dangerous for many more years due to the presence of dangerous land mines, which cannot be deactivated. Indigenous communities containing not more than 200 persons had to

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receive, without warning, more than 1,000. This is why Tsenkush is asking for urgent assistance for the indigenous settlers in the combat zone—because it is necessary to protect the forest and the environmental balance, where nature was damaged by the war.

The leader of the federation also explained the dissatisfaction of the Arutam. This elite group is made up of Shuar men who, like Tsenkush, are schoolteachers. Nevertheless, they demonstrated exceptional qualities as soldiers when they battled Peruvian special forces and repelled their attacks on Ecuadoran outposts on the upper Cenepa. Together with their books and the alphabet in the bilingual education centers, these Shuar received in their communities an apprenticeship in an age-old tradition of warrior culture, wisdom, and knowledge of the forest, the preparation of the religious spirit, and the Arutam, which is a source of valor and immense strength. Tsenkush asked the Ministry of Defense for special treatment as a guarantee for the Arutam. The members of that elite group are not satisfied with what they have received so far. Although they have been promoted to the status of soldiers, they hope to become part of the military hierarchy. They want that opportunity to be open to them. "In this way they could train other youths, with a philosophy of our own, to assure the continuation of elite groups committed to the military defense of the country," says Tsenkush.

Protection of health, protection of nature, and protection of the continuance of the Arutam are the three immediate necessities presented by the president of the Shuar federation in the name of the communities of the Amazon. Now, when the plague of forgetfulness has not yet obscured the immediate past, the peoples of the war must be supported, the Shuar and Achuar peoples. They are Ecuadorians who, for generations, have lived in the upper Cenepa and other places. They have received almost nothing from the state; governments did not have them much in mind. The conflict brought these generous and sharing peoples to the attention of all Ecuadorians. The Shuar and Achuar await a favorable reply to their requests.

Final Resolution With Peru Urged

95SM0277B Quito HOY in Spanish 4 Apr 95 p 4

[Commentary by Andres Vallejo: "A Question of Priorities"; received via Internet]

[Text] All of the issues in this country have been affected by the war with Peru. The unity of the Ecuadorians is one example. Arguments, differences, and aspirations became less important, as had to happen. Because nothing could be more important than dealing with a war, together—even though it was an undeclared war.

While the shooting, at least on a large scale, seems to have stopped, it should be obvious that the problem is not over. What is possibly the most difficult and serious part is now approaching. This is because that which the Armed Forces successfully accomplished on the border is now subject not only to diplomatic negotiations with the intervention of friends and guarantors, but especially to our own capacity and ability, requiring patience, perseverance, and unity.

Without these qualities, an agreement between the Palestinians and Israelis would have been unthinkable. If Shimon Peres had abandoned his advocacy of peace ten years ago, gambling his internal political support because his enemies rejected the idea, he would not have met with Arafat, and the world would not be applauding what we are now witnessing.

If Chile had not persevered when it proposed the 200-mile thesis, despite the constant opposition of the great powers, the recognition of the right of countries to exploit and conserve their maritime resources would not have become a reality through international treaties. If President Borja had believed that the difficulties that would arise were insuperable, he would not have proposed to Peru arbitration by the pope as a means of resolving the age-old problem—which can only cause conflicts, both armed and diplomatic, deaths, wounded, and damages and costs that conspire against development in the countries involved. It is precisely the complexity of the problem and the wounds caused by the conflict that cause us to think that, sooner or later, an arbitrator able to bring about a just, equitable, and definitive solution will be indispensable.

Skill, perseverance and unity are the key factors in finding a definitive solution to the problem with Peru. To persevere and act effectively, internal unity is necessary.

While not signifying that the country should come to a standstill—far from it—there is no doubt that there is no more important problem to be addressed and toward which, for that reason, all of our actions and strategies must be directed.

The support provided to the president of the republic and the Armed Forces as a result of the conflict has been exemplary. But the general self-sacrifice and patriotism obligate the government to assume the great responsibility of seeking a definitive solution, in spite of the complexity involved.

To introduce elements of internal discord—which would be the effect of calling a popular referendum—would work against the possibility of concluding successfully a definitive agreement with Peru.

This would be understandable only if the government did not assign top priority to the problem, with the serious consequences that would ensue—from those related to the splintering of internal unity, and the increase in military spending that the two countries would almost inevitably embark upon, to the permanent risk of new armed conflicts, with all their tragic human and economic consequences.

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Governing is always a matter of priorities. Not everything can be accomplished, nor in the way we would wish. All the more, in the country's present circumstances, it has made and must continue to make sacrifices to face what is undoubtedly its greatest problem, the solution of which will determine its future development, human as well as economic. This is even more important than economic reforms, as important as they may be.

Conflict Viewed as Reason To Continue Statism

95SM0277C Quito LA HORA in Spanish 5 Apr 95 p 6

[Commentary by Jorge W. Cevallos Salas: "The New Ecuador"; received via Internet]

[Text] This not the time to argue over the content of the document on the ceasefire on the upper Cenepa. The most important consideration is to stay alert, to be able to repel successfully any new attacks, and to preserve and strengthen national unity in order to overcome underdevelopment. To accomplish the latter, a grand strategy is undoubtedly indispensable—which would be formed through urgent consultations with political and military figures, businessmen, workers, educators, and students; and even more important, within a cabinet of national concentration, patriotically organized by architect Sixto Duran-Ballen.

The latest Peruvian aggression, repelled so heroically by the military, demonstrated that Ecuador has only one friend on the American continent. Only Venezuela demonstrated friendship for our country, by insisting on a meeting of foreign ministers; the others took the comfortable position of spectators, undoubtedly to force us to make another sacrifice on the scale of January 1942. In view of this, the least that Ecuador should do is to return quickly to OPEC, so that we can count on its support, should it become necessary. Ecuador should also continue its diplomatic battle to explain its position.

The recent Peruvian aggression also showed that Ecuador cannot afford the luxury of turning over its natural resources to the private sector, and still less to the multinational companies. The mobilization of our military forces and the exemplary employment of our aircraft, for example, would not have been possible if petroleum and its derivatives had been in private hands. All proposals to privatize these resources should be forgotten. There should be no further discussion nor any popular referendum on this matter.

The chief executive has stated that a new Ecuador has emerged. It is up to him to lead the people so that they will benefit from it. The theme for today should be: an end to neoliberalism and the exploitation of man by man.

Drop of 'Neoliberalism' Urged for Sake of Unity

95SM0277D Guayaquil EL UNIVERSO in Spanish 6 Apr 95 p 6

[Commentary by Alberto Quevedo Toro: "National Unity"; received via Internet]

[Text] The war with Peru brought about as a favorable consequence a process of national unity that solidified the backing of all of the country's political, economic, and social sectors for the national government, as was natural. It cannot be denied that the government of President Duran-Ballen, the Ecuadoran Armed Forces, and our diplomacy, won a place in the history of Ecuador, defending the nation's integrity and honor with determination and valor.

The coming months will demand from Ecuadorians and their government a large dose of good sense and judgment, for the purpose of facing the postwar period with the attitude appropriate to a mature nation, worthy of its glorious past and its magnificent future. This situation will naturally require a grand consensus of national opinion.

This is why the government should lay down a line of conduct and administrative activity conducive to maintaining, intact, that national unity that is so necessary at this time.

The fact that we Ecuadorians support the government unequivocally in its military and diplomatic conduct toward Peru does not mean that this support extends indiscriminately to all government activities unrelated to the war. We refer specifically to government activities carried out in the more than two years prior to the war, in areas such as the philosophy applied in the economic and social management of the country.

If memory does not fail, the Ecuadoran people expressed itself almost unanimously in the elections of August 1994 against the economic and social management of the government, to the point where the popularity index of President Duran-Ballen plunged to a level not registered by other administrations since 1980, when the return to constitutional government took place.

This undeniable fact was a clear demonstration of the opposition by Ecuadorians to the adoption of a neoliberal model of government, which has brought the great majority of their compatriots to a state of economic prostration, below international poverty levels. The polarization of wealth that has resulted in Ecuador is not to be denied, and the distress of most people is evident.

This is why the government, in what remains of its tenure, should adopt a plan of action that tends to mitigate this social crisis as much as possible, and not continue to apply social and economic policies that it may consider important but that are not supported by broad sectors of the population. To proceed otherwise would, to say the least, endanger the unity achieved as a result of the conflict, returning us to a situation of confrontation between social classes, to the serious detriment of the country as a whole.

In our view, the country is faced with economic and social responsibilities which cannot be allowed to affect national unity, and which require its immediate and authoritative attention.

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As could not be otherwise, the undeclared war with Peru has affected the country's reserves; therefore, it is indispensable that we make every necessary effort to increase imports, in order to replenish foreign exchange that was spent during the emergency. We must confess that to increase foreign sales is not an easy task in such a competitive world as this, but well-coordinated action in the various sectors of the economy can achieve the desired objective within a reasonable time frame.

The fiscal sector and the budget must be seriously impacted as a result of the war. Therefore, we believe that a realistic tax reform could bring in the required resources, at least over the medium term. This tax reform cannot be based only on taxes and price increases for energy and fuel, because obviously the less fortunate classes would suffer profoundly thereby.

The proposed reform would tend toward direct and indirect taxes applied broadly, such as those on income and the VAT, assigning to those taxes the clear purpose of economic and social development, so necessary at this time. The reform should also take into account, in its substantive as well as its organizational aspects, appropriate administration of the tax system.

There is a series of initiatives such as this that the government can undertake in coming months, in the social and economic fields, without damaging the unity of Ecuadorians at such a crucial moment for the country.

Finance Minister's Resignation Viewed

95SM0277E Quito LA HORA in Spanish 4 Apr 95 p 6

[Editorial: "Fragile Unity in Cabinet"; received via Internet]

[Text] At a time that demands national unity, a demonstration of solidity and cohesion as civic principles, it was logical that the government cabinet set the example. But one speaks of the past, and hypothetically, because the cabinet's fragility was demonstrated once more with the resignation of the Minister of Finance and Public Credit, Modesto Correa, in circumstances as difficult for the ex-minister as for the president of the republic.

A ministry must be very uncomfortable, in which the responsibility to meet public expectations does not coincide with the views of other members of the economic front, whose power is not limited to statistics but extends to placing and removing ministers who dare to disagree.

The president of the Monetary Board sent a message to various addressees when she said that she had no personal problem with ex-Minister Correa, but that the disagreement involved fiscal management, or what she described as "quality of spending."

She also made clear the ex-minister's isolation, pointing out that neither she nor the managing director of the Central Bank had resigned. She commented eloquently on ex-Minister Correa's management, finally, saying: "No comment; let us not make matters worse."

Neither ministerial unity nor transparency. Neither of these would be regained by the resignation of another minister who does not share the goals of the economic "team," of the powerful front that obliges the president of the republic to accept resignations and to appoint more docile finance ministers, because Correa knew how to dig in his heels on questionable matters, such as the Conticorp adventure, the customs affair, and tax evasion. Perhaps that was his "mistake."

Now, the chief executive, among his many other tasks, will be looking for someone who will accept the Ministry of Finance on the condition not to contest the infallible statistics of the senior members of the economic front.

"The policy I followed was that, before imposing more taxes, it was necessary to increase collections, and prosecute tax evaders and the corrupt, who are often protected by deputies," said economist Modesto Correa.

Naturally, he left the cabinet.

Military Spending Before Social Programs Urged

95SM0277F Guayaquil EL TELEGRAFO in Spanish 4 Apr 95 p 5A

[Commentary by Raul Falconi: "Thoughts on the Conflict"; received via Internet]

[Text] The detente that has created an absence of armed combat on the upper Cenepa tends to lead the country toward a lack of caution and vigilance in its attitude toward Peru. On the contrary, disinformation from the south about Ecuador's behavior is increasing. It coincided with the visit of President Duran-Ballen to the Holy See. The scandal in Argentina over the sale of arms to Ecuador reached its climax. Unexpected rumors of arms purchases from Colombia and other countries appeared, and there was an attempt to influence Venezuelan public opinion negatively. Statements by Peruvian figures express threats of future aggressions and even establish a time frame of three months to start up again. At the same time, Peru charges civil rights violations against journalists and civilians, for the purpose of turning international public opinion against us. This campaign is accompanied by incidents that are contrary to the spirit and stipulations of the ceasefire and the implementation of the pacification process, such as the creation by Peru of a new military zone, to include the area of conflict, and the charge—denied by our command and not witnessed by observers—that inoidents and clashes by troops have occurred, with a balance of dead and wounded, as well as other events.

It is obvious that this avalanche of accusations is attempting to portray the country as an unruly nation, stubbornly bent on continuing the conflict, disrespectful of the rights and guarantees of people, determined to waste its resources in unnecessary arms purchases, and

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aimed at aggression. These accusations certainly did not deserve serious rebuttal. The evidence that we now have brave and highly motivated Armed Forces, with brilliant commanders who identify with the community, may have created a state of complacency, in which our guard is apparently being lowered in areas of great importance. As has been said repeatedly, modern wars do not affect only narrowly military aspects, but touch on everything—especially such related areas as information, diplomacy, the economy, maintenance of national spirit, etc. History is full of successful military actions that did not achieve their purposes due to weaknesses in other areas. And now, particularly in this conflict which is far from over, while we can be satisfied and confident about our defense capability, other aspects cannot possibly be neglected, especially as regards information which contributes to the formation of public opinion at home and abroad.

The paradox is that it is Peru that imputes to Ecuador a policy of rearmament, orientation toward war and disrespect for human rights. Only yesterday, President Fujimori—to the amazement of the continent—declared that his country was the best-armed in Latin America, that it possessed such a quantity of war materiel that the equipment which was lost in combat did not even need to be replaced and that, until recently, it had been his intention to attack one of his neighbors. While Ecuador greeted the ceasefire with joy, was it not Peru that established a new military zone? The bloodiest of the attacks launched against our soldiers took place when the president to the south had declared a unilateral ceasefire, and it was precisely in that action that Peru employed weapons expressly prohibited by international conventions, such as poison gas and flamethrowers, which caused the horrible deaths of several of our soldiers. There were few excesses to be repudiated by our side, which as far as is known were not serious and not to be compared with the outrages committed by Peru. Our high command reported that no nonprofessional soldiers took part in the fighting, and those who were killed were brought out with honors and were accompanied by the sorrow and pride of their people, while it has been described that in Peru, until recently not even the number of dead was reported, and that a child who had been forced to wear a uniform lay dying, unknown and abandoned, until he was recognized by chance; or the tragedy of the Air Force officer who died in agony after 12 days, shot down in the forest, just when Ecuador had requested a truce to collect the dead and assist the wounded.

The country has nothing to be ashamed of for replenishing its military stocks and preparing its defense, and no one owes any explanations for these acts.

We wish that the resources we possess could be devoted to resolving our immense social problems, but in view of this emergency, it would be irresponsible not to take precautions to safeguard the nation's territory, just as it would be very dangerous if, puffed up by our military victory, we were to fail to defend our conduct and not refute with the truth the abuses they try to attribute to us.

Control of Border Trade Urged

95SM0277G Guayaquil EL UNIVERSO in Spanish 4 Apr 95 p 4

[Editorial: "Border Trade"; received via Internet]

[Text] Steps are being announced that will officially normalize the activities that constitute border trade, especially to the south, with Peru, and in the eastern sector, regarding trading interests with the same country.

Naturally, security considerations must be fundamental, to be pursued within Ecuador's healthy interest in order and tranquility.

The reopening of the border must not be done carelessly, and the experiences provided by the recent conflict should be utilized specifically to assure reasonable and timely Ecuadoran control, so that internal security is not put at risk, nor fiscal concerns neglected for the collection of imposts and other taxes evaded by smugglers.

We do not have complete or up-to-date figures about the details of so-called border trade, because this is carried out largely through the transactions of small operators, modest investors who work with family members in commerce which is partly informal and partly substantial in the lives of the settlements close to the border. Those settlements today live in circumstances that can be considered economically depressed, due to the lack of activities that traditionally have kept them alive.

It is very possible that, when the transactions are compared, Ecuador is the country that makes the most sales, because in textiles, small manufactures, and food and paper products, Peru's need for such acquisitions is noteworthy, at least in its northern zone.

Therefore, certain areas of Ecuadoran production need to return to the normal conditions of border trade at this time. We need to sell.

We emphasize that the fiscal and military authorities will have to sharpen their controls, always with the skill and the firmness required. Because the evasion of legal commercial standards, or dangerous contacts or penetrations not justified by considerations of trade, deserve attention and judicious care by means of reports and investigations.

Paraguay

Senate Confirms Cabrera as Attorney General

PY1304032295 Asuncion ABC COLOR in Spanish 12 Apr 95 p 10

[FBIS Translated Excerpt] On 11 April, the Senate unanimously confirmed Anibal de la Cruz Cabrera Veron as the new attorney general. This was one of the

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few occasions on which the various political parties making up the upper chamber were in agreement about a nomination made by the executive branch.

Cabrera Veron was one of the three candidates proposed by the Council for Magistrates for filling the post of attorney general. Of the three, the executive branch opted for Cabrera Veron.

The confirmation session was held behind closed doors, therefore, very little is known about the details of the debate.

It was learned, however, that there was a consensus of opinion in the Senate about Cabrera Veron, a card-carrying member of the Colorado Party, as he had satisfactorily discharged his duties as government delegate in San Pedro Department under the previous administration of General Andres Rodriguez.

The new attorney general is to replace Luis Escobar Faella, who took office back in 1991 in place of then Attorney General Diogenez Martinez. [passage omitted]

Central Bank President Views Monetary Policy

PY1304000695 Asuncion NOTICIAS in Spanish 9 Apr 95 p 24, 25

["Exclusive" interview with Central Bank President Jacinto Estigarribia by Luis Alen in Asuncion; date not given]

[FBIS Translated Text] [Alen] Could you please explain the scope of the new situation that has arisen with the suspending of permission to open new banks and financial companies?

[Estigarribia] The Central Bank must obtain a balance between regulation of the two traditional roles of the financial system. The first is the function of providing a stable currency that will serve as a unit of account, a deposit of value, and a means of payment. The second function is that of being the financial intermediary in the transfer of savings to public and private investors. The banking sector has a special quality in that it has acute problems of liquidity and/or banking solvency that can cause financial and economic crises at the national level. The Central Bank's responsibility is acting as a loaner in the last instance, in order to prevent the negative effects of temporary liquidity crises, and this imposes the need to establish an adequate regulation of the banking system and to have it complied with.

The strengthening of the financial system is one of the government's important objectives, and in order to achieve them institutional and legal reforms have been created such as the updating of the Banking Law and the Central Bank's Organizational Charter. The belief today is that it is understood that the creation of new banks and financial companies must temporarily be limited until the banking system's reform can be consolidated.

[Alen] Apparently it is national projects that are most harmed by these measures. Why is the foreign banking sector privileged while Paraguayan capital does not have the same privileges?

[Estigarribia] These measures are uniform for both Paraguayan and foreign capital. At this time, there is no new request pending to open a bank or a financial company. In other words, the measures do not discriminate.

[Alen] Why didn't the government resort to the measure of demanding an increase in the minimum capital required to open a new bank or company, and thus achieve mergers and the rationalization of the system?

[Estigarribia] The Central Bank last year ordered an increase in the minimum capital for the opening of new banks, a minimum of 10 billion guaranies, and for financial companies a minimum of 5 billion guaranies. In order to limit the creation of new organizations, it would be necessary to heavily increase the capital requirement within the current legal framework. As soon as Congress approves the new legal reforms, these requirements will have to be reviewed in order to make them compatible with the new legislation.

[Alen] Is it true that the Central Bank is concerned about the solvency of some private banks, especially those pertaining to Paraguayan capital? Isn't the Bank Superintendency's low capability for inspection to blame for this?

[Estigarribia] The Central Bank must be continuously concerned about the solvency of all financial intermediaries. The financial reform that the government is working on has the basic objective of strengthening the capability to supervise the financial system and improving overall prudent regulations. For example: The measure that was implemented in 1992 to classify the assets of banks on the basis of credit risk and to establish precautions against the risk of irrecoverability—the higher the risk, the greater the precautions—is a point in that direction. At the same time a program is being implemented that will improve the technical capability for supervision and collection of information in the system.

The solvency of the banks is mainly the responsibility of their shareholders and boards of directors. The Superintendency of Banks supervises in order to ensure the solvency of the system.

[Alen] The behind-the-scenes situation of the measure that prohibits new organizations is due to the pressure that the United States is putting on the government to stop the "laundering" of dollars in the country. What is your opinion regarding this version?

[Estigarribia] The laundering of dollars has no direct relation with the number of financial intermediaries; it has more to do with the method of operations. In complying with the bilateral agreement between Paraguay and the United States for the prevention or control

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of money laundering, the Central Bank has decided to activate additional information systems.

[Alen] But to what does the Central Bank attribute the proliferation of new financial companies and banks during the past few years?

[Estigarribia] In 1990 the government began a process of financial liberalization through the removal of control on interest rates in general, the reduction of the legal reserve and compensation for it, and the reduction of the fiscal fee on financial transactions, especially as in revenue stamps on documents, etc. This deregulation of the financial market has promoted an increase in the level of the sector's activity, and thus it has attracted more investors.

[Alen] Would it not be suitable for the Treasury to tax the flow of foreign exchange that the banks and financial companies register, as last year these operations surpassed $70 billion?

[Estigarribia] The flow of external capital is not particularly harmful for the economy. The government has implemented a mixture of policies in order to attenuate the negative impact of that flow of money. The efforts of the public sector, in particular, to maintain a relatively low deficit have been fundamental in implementing an active exchange policy that has the intention of preserving the external competitiveness of our exports.

[Alen] What is the Central Bank doing to ease the burden of high interest rates weighing heavily on debtors, which in turn makes the inflow of "hot money" into the country even more attractive?

[Estigarribia] The government's effort to keep a tight rein on inflation constitutes one of the central mechanisms for influencing interest rates. Expectations about inflation generally tend to push interest rates up. As these expectations wane, interest rates also fall. Moreover, the Central Bank has gradually reduced legal reserves in guaranies and reimbursed part of the minimum cash requirements to banking establishments, so as to reduce the cost of financial intermediation and enable them to have a lower lending rate.

[Alen] Why has the government not issued Treasury bonds to be traded at the local stock exchange, and why has the auction of foreign bonds been delayed?

[Estigarribia] Some of the Treasury bonds issued last year have already been traded in the secondary market. For example, some days ago a local bank sold bonds worth 1 billion guaranies at an annual interest of 29 percent—thus exceeding the interest rate at which the bonds were issued by 11 percentage points. Trading Treasury bonds in the stock exchange is a decision that must be made by its shareholders; banks have total freedom to decide what the present value of these securities is, and therefore what interest they should carry to close a transaction.

The national Congress, through Act 525/94 approving the 1995 fiscal budget, replaced financing through the placement of foreign bonds—as had initially been planned—with domestic credit. Thus we cannot sell foreign bonds unless the 1995 Fiscal Budget Act is amended.

[Alen] What role does monetary policy play in curbing inflation?

[Estigarribia] Inappropriate decisions about the expansion of monetary aggregates and about the Central Bank's domestic credit to the private and public sectors may seriously impair price stability and cause important shifts in real GDP and employment. The fundamental role of the Central Bank is therefore to define the rapidity with which it can increase the money stock so that the economy can grow at an appropriate pace without disrupting basic macroeconomic balances.

Maintaining inflation at levels compatible with economic growth is, however, not the sole monopoly of monetary policy. Fiscal policy also plays a key role. When a fiscal deficit is financed with Central Bank credits, the relation between inflation and the deficit is unquestionable. The national government in its entirety is committed to maintaining macroeconomic stability.

Peru

Fujimori on Separation of Forces, Ecuadoran Media Campaign

PY1204235695 Lima Radio Programas del Peru Network in Spanish 2223 GMT 12 Apr 95

[FBIS Translated Text] President Alberto Fujimori has denied reports that General Vladimiro Lopez Trigoso has been arrested. Fujimori said that these rumors are just another maneuver by the Ecuadoran media and government.

[Begin recording] [Fujimori] I categorically deny those reports. They are merely part of a deception campaign by the media, designed to confuse the people. This campaign is being carried out by the Ecuadoran media and/or the government. I flatly reject this rumor. Gen. Vladimiro Lopez Trigoso continues to be chief of staff of the recently created Sixth Military Region, headquartered in Bagua. I categorically deny this rumor.

[Unidentified reporter] Could you tell us how the separation of Peruvian and Ecuadoran military troops is developing?

[Fujimori] Thanks to the presence of the observers of the guarantor countries, this process is developing as scheduled, rather slowly, but it is developing. We hope the timetable—I do not remember exactly how many days it will take—the process will be concluded, first with the separation of forces, then with the assembly of troops at Coangos and PV1 [Watch Post One], and lastly with Peru and Ecuador awaiting the proposal of the guarantor

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countries to establish a demilitarized zone. This demilitarized zone is supposed to be in both territories, that is, in similar portions of Peruvian and Ecuadoran territory. The demilitarized zone must be established equitably from the military-strategic viewpoint. I should also point out that the subject of the enforcement of the Rio de Janeiro Protocol is gaining strength. Several representatives of various countries have voiced their support for undivided respect for the terms of the Rio de Janeiro Protocol, which this government, the Peruvian state, will fully respect. [end recording]

Those were comments made by Peruvian President Alberto Fujimori after having distributed physics and biology teaching material for 2,500 high school and higher education centers. This ceremony took place at the National Museum building.

Fujimori To Keep Economy Minister, Joint Command Chief

PY1304035195 Madrid EFE in Spanish 1612 GMT 12 Apr 95

[FBIS Translated Text] Lima, 12 Apr (EFE)—Virtual President-elect Alberto Fujimori said today that he would keep Economy Minister Jorge Camet and Armed Forces Joint Command Chairman General Nicolas Hermoza Rios in his new administration.

Fujimori said he would make "minor adjustments" in his second presidential term, and that Camet and Hermoza would continue to give continuity to the economic and counterinsurgency policies.

He said Camet would stay because of several "achievements" such as "the economic growth, the highest in the world in 1994, the control over inflation, and having achieved a real fiscal balance."

Fujimori added: "In addition to that we have to renegotiate in the next few months the foreign debt with the commercial banks."

Fujimori also hinted that Efrain Goldenberg, president of the Council of Ministers and foreign minister, would remain in his post, but he did not elaborate.

Regarding the continuation of the Armed Forces Joint Command chief, Fujimori said that in his new administration "he will continue to work in coordination with the executive branch."

"I conveyed my confidence to Gen. Hermoza for his work in the national pacification process, which is an objective the government hopes to consolidate this year," said Fujimori in reference to his promise to eradicate terrorism in 1995.

Gen. Hermoza, who is also the Army chief, retired when he reached the age limit in 1993, but President Fujimori kept him in his job because he believed Hermoza was necessary to maintain continuity in the antiterrorist strategy.

Fujimori Now Leads With 64.48 Percent of Overall Votes

PY1204122395 Lima Radio Programas del Peru Network in Spanish 1105 GMT 12 Apr 95

[FBIS Translated Text] National Election Board (JNE) President Ricardo Nugent has just released the latest results of the general elections with 75.18 percent of votes counted at a national level.

[Begin Nugent recording] Of the 60,460 polling stations that operated on the 9 April 1995 elections at national level, 52,975 have been scrutinized so far, representing 75.18 percent of all polling stations, with the following results: For president and vice president of the Republic; change 90-New Majority, 3,815,437 votes, 64.48 percent; Union for Peru, 1,284,251, 21,60 percent; American Popular Revolutionary Alliance [APRA], 249,510 votes, 4.22 percent. [end recording]

Accompanied by the JNE plenum, Nugent also released the partial results of votes for seats in Congress.

[Begin Nugent recording] Change 90-New Majority, 2,014,685 votes, 51.89 percent; Union for Peru, 538,467 votes, 13.87 percent; APRA: 255,758 votes, 6.59 percent; Independent Moralization Front, 195,085 votes, 5.2 percent; Democratic Coordinating Movement-Peru Viable Nation, 158,549 votes, 4.8 percent. [end recording]

Interior Minister Comments on Drug Enforcement Efforts

PY1204124095 Lima EXPRESO in Spanish 5 Apr 95 p A12

[FBIS Translated Text] Interior Minister Juan Briones Davila revealed yesterday that the contribution offerred by the United States to Peru to fight drug trafficking, which until October of last year was $6 million, would be increased to $10 or $12 million. He made this comment after witnessing the burning of more than two and one half metric tonnes of drugs on the former Barbadillo ranch. Briones Davila also denied the capture of Shining Path leader Oscar Ramirez Durand, aka Feliciano.

The drugs that were burned by the Special Operations Division (Dinoes) of the National Police located in Vitarte were seized in operations carried out in Upper Huallaga and other parts of the country.

"This is the second burning so far this year," said Briones, upon recalling that in the first burning on 27 January, the police destroyed 7,000 kg of drugs.

Briones added that 10 metric tonnes of drugs have been seized in the first four months of this year. He also praised the work of the police in the struggle against drug trafficking in the country.

Briones also said that 156 metric tonnes of precursors were destroyed in 1994.

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Regarding drug enforcement in the Upper Huallaga, Briones said that despite the lack of U.S. aid, the National Antidrug Directorate (Dinandro) is making the necessary efforts and works with its own resources.

Briones also pointed out that the specialized antidrug policemen now have three modern helicopters.

Briones added that the U.S. contribution up until last October was $6 million. He noted, however, that there is the possibility that the next disbursement will be $10 or $12 million.

Briones also reacted to the comments made by some politicians to the effect that Shining Path leader Ocar Ramirez Durand, aka Feliciano, has been captured and that his arrest will be used for electoral purposes.

He said: "This is not true. It is impossible to safeguard the country's security with that kind of trick."

Police Detail Recent Narcotics Seizures, Operations

PY1204010195 Lima EXPRESO in Spanish 29 Mar 95 p A15

[FBIS Translated Text] Approximately 500 kg of cocaine paste, 560 tonnes of chemicals, 45.6 tonnes of marijuana, and five aircraft belonging to drug "firms" that operate in various parts of the country were seized by Antidrug Division (Dinandro) agents in the past few weeks.

According to a press note issued by the National Police, four of the aircraft belong to the air taxi company "Armando Raul," mentioned in the trial against drug trafficker Demetrio Chavez Penaherrera, aka "Vaticano."

The fifth aircraft is registered as the property of Peruvian Airlines Company (Lapsa), which belongs to Yonel Zevallos Cuencas (32), who together with his two brothers makes up the drug "firm" "Los Chalis," according to the police report.

The organization is part of the financial network of the "Los Nortenos" drug ring headed by the Lopez Paredes brothers.

The first operation took place in the town of Monzon in Huanuco. Here the police found 448 kg of cocaine paste and arrested Jose Carlos Escobar Luna (30). The police also found an AKM rifle and a revolver.

Nearby, in Cachicoto, a total of 21.18 tonnes of cocaine paste, weighing scales, and ammunition were seized. Elias Sanchez Requena and Saul Jaime Lirion Tapia (38) were arrested.

Members of the Pucallpa Drug Enforcement Tactic Operations Division participated in the operation in the towns of Huancamayo, Ciudad Constitucion, Oxapampa, and Pasco, and seized 3.5 tonnes of drugs, chemicals, and communications equipment.

Similar police operations in the Ayacucho jungle region resulted in the discovery of 560 tonnes of chemicals concealed in a truck. [sentence as published] The vehicle was driven by Ricardo Juscamayta Duenas (20), who was accompanied by Jorge Huaringa Aviles (36), Gregorio Rivera Huanasca (26), and Soledad Izarra Tapia (30). They were on their way to the town of San Francisco.

At the sentry post in Ancon, Lima, police agents detained Dilmer Quilla Flores (21), who was carrying several kilograms of cocaine paste. The detained individual disclosed that the drugs were going to be sent to Chile. At the same sentry post the police detected a shipment containing thousands of kilograms of marijuana.

Miraflores police station agents arrested Hipolito Castro Rantes (36), Fidel Rivera Nieves (24), and Lucio Villar Perez (23). They were transporting 42 kg of marijuana in a vehicle.

Uruguay

U.S. Human Rights Report Considered 'Complete Surprise'

PY1204223695 Buenos Aires TELAM in Spanish 1813 GMT 12 Apr 95

[Article by unidentified TELAM correspondent in Montevideo]

[FBIS Translated Text] Montevideo, 12 Apr (TELAM-SNI)—The Uruguayan Government is studying a report on human rights put together by the U.S. Department of State.

According to what official sources told TELAM-SNI, the Uruguayan Foreign Ministry may request some explanations from the Clinton administration.

The news about the U.S. State Department report on the situation of human rights in Uruguay came as a complete surprise to the administration of Uruguayan President Julio Maria Sanguinetti.

The report claims the existence of "police abuse and mistreatment of prisoners, poor conditions at penitentiaries, and discrimination and the use of violence against women and black minorities."

Deputy Minister of Foreign Affairs Carlos Perez del Castillo today reported that "the Foreign Ministry requested that the U.S. Government send it the full version of the State Department report so as to have the necessary elements for making a decision on this topic."

Perez del Castillo underscored that "the first thing we want to do before coming to a decision is to have the necessary time to make an in-depth study of the report in question."

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He added that "the document will be analyzed jointly with President Sanguinetti, Foreign Minister Alvaro Ramos, and Interior Minister Didier Opertti to decide whether it is necessary to pursue some course of action concerning the United States."

The deputy foreign minister stressed that "the report—which was published on the 11 April issue of the independent newspaper EL OBSERVADOR ECONOMICO—was drafted without consulting the Uruguayan Government." He considered that "there are more direct channels than the press to discuss these kinds of things."

Opertti, who took office as interior minister on 1 March upon Sanguinetti's inauguration, said: "First and foremost, we must find out how the report was put together, on what sources the arguments were built, and what the underlying reasons for establishing such conclusions were."

The interior minister pointed out that "no charges similar to the those mentioned by the U.S. report have been filed" since the Sanguinetti administration came to power, "and in those cases in which reference has been made to improper police behavior, the necessary steps have been taken to identify those responsible."

Likewise, former Interior Minister Angel Maria Gianola, who was at the head of the Interior Ministry during the last days of the Blanco Party presidency of Luis Alberto Lacalle and during the timespan the State Department report analyzes, expressed his astonishment at "the bias, or lack of good information, with which the document was written."

Gianola emphasized that "he wholly disagrees" with the report, adding that "above all there are some points, like the one pertaining to discrimination against black minorities, which do not bear reading and must be wholly rejected."

He added: "I do not know on what foundation this report has been drawn up, or where it collected information to substantiate its claims, which I think are untrue, such as for example everything that has to do with violence against women."

Senate Approves Military Promotions

PY1204191095 Montevideo LA MANANA in Spanish 6 Apr 95 p 3

[FBIS Translated Excerpt] During a secret session, the Senate yesterday approved military promotions and the appointment of the Social Security Bank Board of Directors, the Bank of Uruguay Board of Directors, the Central Bank Board of Directors, the Appellate Court members, the appointment of former Deputy Juan Raul Ferreira as Uruguayan ambassador to the Argentine Republic, and the removal of various public servants. [passage omitted]

Navy

The following frigate captains are promoted to ship-of-the-line captains: Francisco Valinas, Daniel Loureiro, Gerardo Calimaris, Ricardo Dupont, Gerardo Lebel, Alberto Lombardi, Juan Gonzalez, Raul Lerena, Gerardo Rodriguez, Juan Boggia, Carlos Lopez, Jorge Austt, and Enrique Sacramento.

Army

The following lieutenant colonels are promoted to colonels: Wilmer Bentos, Luis F. Episcopo, Washington E. Vigliola, Gustavo E. Criado, Orosman Pereyra, Adhemar A. Felipe, Horacio R. Fantoni, Ramon P. Barboza, Carlos U. Garcia, Miguel A. Fernandez, Daniel E. Castella, Mohacir Leite, Julio E. Roldan, Juan A. Saravia, Jorge H. Menendez, Walter F. Forischi, Raul C. Ramirez, Daniel Blanco, Darling Colina, Raul E. Flores, Eduardo Aranco, Alejandro A. Varela, Jorge Silveira, Hugo J. Molins, Jose L. Viggiano, Carlos A. Garibotto, Washington E. Vigano, Carlos A. Pereira, and Roberto F. Del Rio.

Air Force

The following lieutenant colonels are promoted to Colonels: Ariel Niemann, Juan A. Falco, Luis G. Rodriguez, Carlos A. Eirale, and Hugo J. Rondeau.

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